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THE LEAGUE'S BUSINESS

Date Set for Convention.— The Annual Conference on Government of the National Municipal League will be held in Toledo, Ohio, Monday and Tuesday, November 16 and 17. Donovan F. Emch, of the Political Science Department of Toledo University, has been appointed secretary of the local committee on arrangements for the conference.

* * *

The League's New York State Committee Meets.—The New York State Committee of the League will hold an important conference on July 10 and 11 at Schenectady. Hon. Herbert H. Lehman, governor of New York, Hon. Charles Polette, counsel to Governor Lehman, and State Senator Thomas C. Desmond will be present and address the conference.

An attempt will be made to develop further coöperation between civic groups throughout the state on problems of state legislation. The committee's suggested legislative program is as follows: (1) A progressive optional county government bill, including power to adopt by petition and popular vote such improvements as proportional representation, the short ballot, the county manager plan in standard form, transfers of powers from one unit of government to another, and decrease in the number of separate units of government; (2) extension of city home rule; (3) power to amend the state constitution by large petition and popular vote; (4) machinery to insure clean elections; (5) congressional reapportionment; and (6) support of the constitutional convention, to be voted on this fall.

H. Abbett Pulliam, director of the Schenectady Bureau of Municipal Research, is in charge of local arrangements; George H. Hallett, Jr., associate secretary of the League and secretary of the Citizens Union, is chairman of the state committee.

* * *

Arnold Bennett Hall.—We must again report the death, on May 31, of an active member of the National Municipal League and of its council—Arnold Bennett Hall, Director of the Institute of Government Research of the Brookings Institution.

Dr. Hall was formerly professor of political science and associate professor of law at the University of Wisconsin; from 1926 to 1932 he was president of the University of Oregon; he was founder of the National Conference on the Science of Politics and also its chairman; president of the Social Science Research Conference of the Pacific Coast; American delegate to the Institute of Pacific Relations held at Honolulu in 1927, and a member of the executive committee of the American branch of that Institute; and a member of the Committee on Policy of the American Political Science Association. Dr. Hall was the author of numerous books on governmental subjects, including "Outline of International Law," "The Monroe Doctrine," "Dynamic Americanism," and "Popular Government," and editor of "Hall's Fishback on Elementary Law."

* * *

League Personalities.— *Dr. Harold W. Dodds,* president of Princeton University and of the League, sailed for Europe on June 24.

Hon. Murray Seasongood, former president of the League, addressed the Public Affairs Committee of Buffalo, New York, on June 18.

Dr. P. P. Womer, Chairman of the Citizens Council Board, is now in New England, securing financial support for the program of the National Federation of Citizens Councils. Dr. Womer is head of the Department of American Citizenship at Washburn College, Topeka.

HOWARD P. JONES, *Secretary*

Editorial Comment

July

NATIONAL MUNICIPAL REVIEW

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Another Wolf in Sheep's Clothing?

HOMESTEAD exemption laws are beginning to constitute almost as serious a threat to municipal finance as the epidemic of tax limitation laws that has been sweeping the country. Homestead exemption is, of course, a kind of tax limitation in that it provides for removal from the tax rolls of all homesteads having a value below a certain specified maximum.

A study is needed of the effect of such laws in states where the policy has been tried. Superficial examination would lead to the conclusion that such exemption was a most unsound fiscal policy. In St. Petersburg, Florida, for example, more than $15,000,000 worth of property was removed from a total tax roll of approximately $67,000,000 through the operation of the Florida homestead exemption law, according to a survey of St. Petersburg recently completed by the Consultant Service of the National Municipal League. An interesting survey of the probable effects of homestead exemption, issued not long ago by the Kansas City Civic Research Institute, revealed that in Missouri cities would lose from 6 to 70 per cent of their total city tax revenues, the larger cities being less affected than the smaller cities.

Aside from the very obvious difficulty of preventing large residential property owners from taking advantage of such a law through selling on long term contracts the houses they were previously renting, it may be questioned whether such subsidization of home ownership, unrelated to need, is sound. If the line were drawn at $5,000, for example, a man owning a home valued at slightly under $5,000, but owning an automobile would escape scot free, whereas the man who decided to have a better home instead of buying a car would have to pay. In the last analysis, if no replacement taxes are established, it shifts the burden to the remaining property owners and to the renters who as a class are even less prosperous than the modest home-owners. If replacement taxes are established, the small home-owner may be worse off than before, depending upon the type of replacement tax. Authorities are fairly well agreed, for example, that a sales tax would cost the small home-owner more than the real estate tax it would replace.

In our search for solutions to problems, it is well to be sure we do not create a more serious problem than the application of the presumed solution.

Industrial Disputes and City Government

THE appointment in Toledo of an Industrial Peace Commission leads to the query as to whether industrial relations are a matter with which municipal government may be effectively concerned. Neither industrial corporations nor unions of employees stop at state lines, much less at city boundaries. And since the primary job of municipal government is that of rendering important local services, hadn't it better stick to its knitting?

This does not challenge the presumably effective service rendered in a critical situation by the Toledo government in setting up the machinery for arbitration. It merely raises the question as to the soundness of making such machinery a permanent part of the structure of municipal government. Mayor LaGuardia of New York City, for instance, urged legislation which would establish a permanent labor department in New York City. New York is unique among cities so it would not be unreasonable to conclude that such a department might be most worthwhile in New York without being worth a whoop in Dayton or Oskaloosa.

But has city government a service to perform in the field of industrial relations? Can it represent the public interest in some permanent way through its intimate local contacts without making the legislative body a battle ground between capital and labor? Or must its services in disputes be confined to sudden action in unanticipated emergencies? The matter is worth some thought.

Selling the Results of Research

POPULARIZATION of the results of research in local government is being tried by the Princeton Local Government Survey. Not content with drafting a report to join many others on dusty shelves, the surveyors are adapting modern advertising methods to the presentation of their facts with challengingly effective results.

This is work for which there has long been crying need. Governmental research to date in this country—splendid as it has been—has lacked the link that would enable it to reach the public. It has not been wasted. The ideas have been picked up by leaders and forward looking officials and much has been accomplished. But governmental research, its reach extended directly to the public through dramatization of its discoveries, may go much further.

The Quest For Direct Relief Funds

States and their subdivisions have as yet no solution for permanent relief problem

L. LÁSZLÓ ECKER-R. *Works Progress Administration*

CITIES, towns, and counties all over the United States continue with increased fervor their quest for direct relief funds. The dismantling of the Federal Emergency Relief Administration, which brought to a close the three-year period of federal grants for direct relief purposes, left the responsibility for this segment of the relief problem to state and local governments. These, in turn, though warned of the transference almost a full year in advance, were completely unprepared in many cases to assume the responsibility. Today, more than six months after the cessation of the federal direct relief grants, numerous communities all over the country remain without the necessary funds to care adequately for their unemployables.

The requirements of the states and their subdivisions for direct relief purposes cannot be estimated with any degree of accuracy. At the time of the transition from federal to state and local responsibility, these requirements were placed at $500,000,000 per annum. Since then, however, the situation has changed. Some factors, such as the advancement of the social security program, the deterioration of relief standards, and the improvement of economic conditions, have served to reduce the $500,000,000 figure; others, namely, the inability of the WPA program to provide working opportunities for all employables and the continued uncovering of eligible cases which were never cared for or whose personal resources are only now being exhausted, tend to swell the sums required. Whatever the figure, the question is pertinent, where is the money to come from?

In seeking an answer to this question it is necessary to take cognizance of the element of time. The short and long term abilities of states and their subdivisions to provide funds for direct relief purposes are dependent upon different factors. In considering immediate ability, our appraisal must of necessity be governed largely by recent experience—by recent state and local expenditures and current availability of funds. Theoretical considerations can enter only into the discussion of long term ability. Irrespective of the time factor, however, the obligation to provide $500,000,000 annually for direct relief purposes (using that estimate in lieu of a better one) will be a formidable task for local and state governments.

SHORT TERM CONSIDERATIONS

During recent years much has been said of the weight of the relief burden upon state and local treasuries; yet at no time in the past did these expenditures quite equal estimated future requirements. Consequently, to meet direct relief needs at accepted relief standards during the coming months,

states and localities collectively will be called upon to increase the maximum which they have provided at any time during the recent depression.

Between 1933 and 1935 the expenditures of the various governments for emergency relief purposes rose from $793,000,000 to $1,827,000,000, an increase of approximately 130 per cent. These activities directed toward relieving want caused by unemployment represented the coöperative efforts of the federal, state, and local governments; the bulk of the increase, however, was financed from federal funds. Local units, to be sure, increased their contributions from $199,000,000 in 1933 to $226,000,000 and $243,000,000 in 1934 and 1935, but their share in the total declined from 25.1 per cent in 1933 to 15.3 per cent and 13.3 per cent during the two subsequent years. The expansion in funds provided by local units lagged behind total public expenditures.

During the first quarter of 1933 local funds averaged in excess of $22,000,000 per month but in the subsequent period declined steadily, reaching a monthly low of $10,000,000 during the first quarter of 1934. In the spring of that year the downward trend was interrupted and the volume of expenditures from local funds rose to a monthly peak of $24,000,000 during the first quarter of 1935. This temporary increase in the volume of local expenditures occurred simultaneously with the operation of work relief programs which were initiated in April 1934 and were discontinued only during the second half of the following year. The operation of the work programs enabled many cities, towns, and counties to make contributions in the form of materials and equipment already on hand whose market value was credited to local relief expenditures but which called for no cash outlays. Promptly after the cessation of work relief activities, however, local relief expenditures began to decline, falling almost a third, to $15,000,000 per month within a half-year.

The expenditures of state governments were even less than those of their political subdivisions. They amounted to $113,000,000 in 1933 and subsequently rose to $185,000,000 and $224,000,000 during 1934 and 1935. These sums represented 14.3 per cent, 12.6 per cent, and 12.3 per cent of 1933, 1934, and 1935 relief expenditures from all public funds. The growth of state expenditures, though more rapid than that of cities, towns, and counties, was also inadequate to keep pace with total requirements.

RELIEF COSTS INCREASE

The combined relief outlays of states and their subdivisions increased from $312,000,000 in 1933 to $467,000,000 in 1935. The corresponding 1932 figure is estimated at $296,000,000. Thus, 1935 state and local expenditures exceeded those estimated for 1932 by approximately 58 per cent. A substantial part of this increase was accounted for by the expenditure of state funds, which multiplied two and a half fold during the interval. This latter fact is of particular significance, for, as will be observed later, the tendency of state governments to withdraw from this sphere of governmental activity, leaving the responsibility for relief with local governmental units, is already apparent.

In the light of past state and local relief efforts, exerted under the stress of an emergency and under pressure from the federal government, the provision of an even greater amount, say $500,000,000 per annum, now that the emergency is alleged to have passed, is somewhat improbable. Nor is this contrast truly informative, for some of the items which served to swell past expenditures cannot be applied toward meeting future requirements. Here reference may be had to the accompanying table, which summarizes the major fea-

REVENUE SOURCES OF STATE AND LOCAL RELIEF FUNDS, JULY 1, 1933-JUNE 30, 1935

	State Funds			Local Funds			State & Local Funds		
	1933-34	1934-35	1933-35	1933-34	1934-35	1933-35	1933-34	1934-35	1933-35
	In Thousands of Dollars								
Bonds	$104,497	$130,494	$234,991	$ 65,863	$ 55,812	$121,675	$170,360	$186,306	$356,666
Property taxes	....	....	....	67,759	98,854	166,613	67,759	98,854	166,613
Sales taxes	31,925	32,500	64,425	....	23,590	23,590	31,925	56,090	88,015
General revenues	19,618	30,489	50,107	3,873	8,888	12,761	23,491	39,377	62,868
Automotive revenues	3,424	10,773	14,197	2,307	3,852	6,159	5,731	14,625	20,356
Beer and liquor revenues	1,911	12,536	14,447	32	63	95	1,943	12,599	14,542
Contributions in kind	....	....	....	15,142	44,815	59,957	15,142	44,815	59,957
All others	2,132	4,791	6,923	635	15,815	16,450	2,767	20,606	23,373
Total analyzed funds	....	....	....	155,611	251,689	407,300	319,118	473,272	792,390
Unanalyzed funds	....	....	....	11,010	23,673	34,683	11,010	23,673	34,683
Total	163,507	221,583	385,090	166,621	275,362	441,983	330,128	496,945	827,073
	Percentage Distribution								
Bonds	63.9	58.9	61.1	42.3	22.2	29.9	53.4	39.4	45.1
Property taxes	..	..	..	43.6	39.3	40.9	21.2	20.9	21.0
Sales taxes	19.5	14.7	16.7	..	9.4	5.8	10.0	11.8	11.1
General revenues	12.0	13.8	13.0	2.5	3.5	3.1	7.4	8.3	7.9
Automotive revenues	2.1	4.9	3.7	1.5	1.5	1.5	1.8	3.1	2.6
Beer and liquor revenues	1.2	5.6	3.8	..	..	..	0.6	2.7	1.8
Contributions in kind	..	..	..	9.7	17.8	14.7	4.7	9.5	7.6
All others	1.3	2.1	1.7	0.4	6.3	4.1	0.9	4.3	2.9
Total analyzed funds	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

tures of the financing methods employed by state and local governments in providing relief funds during two recent years. It will be noted that almost a fifth of the expenditures credited to local governmental units during the fiscal year 1934-35 represented contributions in kind. This item consisted of tools, materials, and equipment which were utilized in connection with work relief activities on work projects. As noted above, in the majority of cases these items were already in possession of local governments and represented no current expenditures. It need not be pointed out that the supply of such properties is rapidly exhausted. In any event, contributions of this character are not applicable to direct relief needs, for they cannot be converted into food, clothing, lodging, or medical service.

The inapplicability of past sources of relief funds to future direct relief requirements, however, is not limited to contributions in kind. Some of the funds provided by both the states and their subdivisions in cash were restricted to work relief activities. Unfortunately, exact data on this point are not available. There is ample evidence, however, to substantiate the contention that the bulk of the $20,000,000 classified in the accompanying table under "Automotive Revenues" falls into this category. Some states utilized their highway funds for work relief activities on highways; some counties and cities diverted regular departmental appropriations for the repair of public buildings, streets, or parks with the aid of relief labor. Though legally permitted to use these moneys for the compensation of relief labor as long as that labor was employed, respectively, on buildings, streets, or public parks, they lack legal authority to divert them for direct relief purposes.

A further limiting consideration is the fact that a substantial portion of the relief funds provided in the past were obtained through borrowing. During the two fiscal years, 1933-34 and 1934-35, the proportion of relief expenditures financed by the sale of bonds was 29.9 per cent in the case of local, 61.1 per cent in the case of state, and 45.1 per cent in the case of state and local governments combined. This form of relief financing cannot be pursued indefinitely. In fact the volume of local relief borrowing has already declined and in the case of state governments has virtually disappeared. The local inclination or capacity to borrow which still remains will probably be absorbed by cities and counties in an attempt to take advantage of the 45 per cent grants available to governmental units under the recently replenished federal public works fund.

TAXATION FOR RELIEF

As one views the potentialities of state and local revenue structures, the conclusion seems inescapable that the future availability of direct relief funds hinges primarily upon the fortunes of the sales and property taxes. Beer and liquor revenues, which in the closing days of prohibition promised to meet all welfare requirements, have been disappointing. During a recent post-repeal year they yielded for relief purposes less than $13,000,000.

With the cessation of borrowing, sales taxes tend to loom increasingly larger in the state relief financing structure. Providing only $12,000,000 in 1932-33, their contribution had increased to $32,000,000 during each of the following two years and in the fiscal year just ended probably approached $90,000,000. In addition, one local levy, that in New York City, supplied another $43,000,000. Though generally acknowledged to represent a backward step in taxation, this newcomer among prominent revenue producers bids fair to remain in fashion for years to come.

In consequence it may be expected to retain its importance as a source of relief revenue. Little credence can be assigned to the frequently voiced contention that sales taxes were enacted to meet an emergency and are likely to pass with the passing of that emergency. Contemporary experience in state after state demonstrates adequately that once on the statute books, the levy is not likely to be removed. In this connection Kentucky (and perhaps New Jersey!) is the exception which proves the rule. So productive a tax measure is not lacking in supporters among those who are charged with the responsibility of financing increasingly costly governmental functions. Consider also the vested interests! The repeal of the sales taxes now in effect would represent an annual loss of $100,000,000 in common school and an even greater sum in general state governmental revenues; in some cases it would necessitate substitute levies on property. The stakes of these militant groups in the fate of the sales tax are even greater than those of the less articulate destitute. The latter should, however, manage to hold their own in view of the fact that not a few of these sales taxes were sold to the public on the plea that the funds were required for relief purposes.

Relief expenditures of local units, at least for the time being, must be financed in large part from property taxes. Holding the place of prominence even at the time of extensive emergency borrowing, property taxes are certain to increase in importance with the decline of local credit operations. During the two recent years for which data are at hand, July 1, 1933-June 30, 1935, this source provided 40.9 per cent of all local emergency expenditures. Unclassifiable general revenues accounted for an additional 3.1 per cent. These, constituting the current operating funds of local units, are known to be supported, at least in part, by property taxes, but the individual sources of income cannot be specifically segregated.

That property taxation should dominate local relief financing is a necessary consequence of the significance of this source of revenue in local governmental financing in general. The local governments of most American states have permanent authority to impose property levies for poor relief purposes. In some cases, to be sure, this authority is restricted, necessitating temporary enabling legislation in times of emergency. Such authority, however, is readily granted, particularly where state legislatures are eager to avoid state sharing in relief costs.

PROPERTY TAXES FOR RELIEF

The conclusion that general property will be called upon to increase its contribution to relief is inescapable. To what extent that trend will involve an additional net burden will depend largely upon the real estate situation and the methods employed in raising the funds. In most parts of the United States, property values, as well as tax payments, are exhibiting an upward trend. Additional optimism is warranted by a consideration of new devices developed for the collection of delinquent taxes.

During the past few years local units all over the country have accumulated substantial assets in the form of delinquent taxes. Limited experience in selected areas suggests that parts of this accumulated delinquency can be liquidated with the aid of aggressive tax collection drives. With the aid of modern advertising technique the state of Michigan in one month collected $15,000,000 in back taxes and put $55,000,000 on the ten-year plan. Similar results were obtained in Wayne County, Michigan, and Cook County, Illinois. Commenting on this departure in tax collection pro-

cedure, Milton M. Alexander, one of its Detroit advocates, observes:

> Michigan's tax-collection drive was "merchandised" at every point. The people were "sold" on the importance and wisdom of paying their taxes. The copy was written from the standpoint of the taxpayer, rather than that of the government. It got under the skin of the public, and resulted in a veritable tax revival.
>
> Daily and weekly newspapers, radio spot announcements, 24-sheet posters, (*sic*) folders, all reinforced with precious (*sic*) publicity, heralded the story of a tax-saving opportunity.

RELIEF RENTS PAY TAXES

A similarly novel procedure for the liquidation of delinquent taxes, with particular reference to relief financing, is one which suggests itself as an adaptation of the Ohio annat law. This device was originally designed to afford assistance to landlords housing relief clients. Its further development, however, holds promise of enhancing the abilities of local units to supply the rent requirements of the destitute. The origin of the annat law dates from the spring of 1933. At that time several welfare agencies responsible for the housing of indigent families attempted to avoid the payment of rent to landlords. In the words of G. A. Corso of the Cuyahoga County division of housing relief: "Evictions were increasing, and the landlords who were disposed to sympathize with the relief clients were penalized in that they maintained the family on their property without any income, but were compelled to pay taxes, upkeep, and insurance on the same properties."

To remedy this situation, the Ohio legislature enacted senate bill no. 200 (subsequently amended by substitute senate bill no. 33 and house bill no. 21) which provided that in payment of rental, the landlords of relief clients be rebated a prorated share of the taxes on a given property, equal to the proportion of the property occupied by the recipients of relief. Relief cases entitled to allowances for rent were to receive vouchers from the county auditor. These vouchers, when turned over by the indigent in place of rental payments to the owner of the property, could be used by the latter in lieu of tax payments. The amount of these allowances was limited in accordance with the size of the relief family and in no case could the total of such vouchers issued upon any one property during a given month exceed one-twelfth of the total annual tax, exclusive of special assessments. In view of this latter provision, the process could involve only current taxes, unless these had already been paid, in which case the amounts were creditable against delinquent taxes.

This ingenious device is here sketched in detail because an extension of the concept to cover delinquent taxes may be the key to the solution of the housing aspects of the relief problem in those areas in which severe tax delinquency has impaired the financial abilities of local units of government. If communities can arrange to convert some of their paper assets represented by delinquent taxes into the rental segment of relief budgets they will have met at least temporarily an important part of their relief needs.

The potentialities of adapting the delinquency situation in property taxes to the relief problem at hand are obviously only of short term significance. One tax collection drive, if successful, will have exhausted its possibilities; the same time limitation applies also to the potentialities of bartering unpaid taxes for the rental requirements of relief families.

LONG TERM CONSIDERATIONS

By projecting one's focus to take into range a longer span of time, one inevitably arrives at the conclusion that

the problem of relief financing cannot be discussed without reference to the sharing of all revenues and the sharing of all burdens between the national, state, and local governments. Presumably the withdrawal of the federal government from the field of direct relief is final. In that event the responsibility must remain at the portals of the states and their subdivisions.

Elizabethan tradition, still rampant in many parts of the country, classifies the giving of relief as a local function. The division of taxing authority, on the other hand, vests the authority to tap new sources of revenue with state governments. During the past few years when, their traditional responsibility notwithstanding, the local units were financially unable to meet the growing relief requirements, some states assumed part of this obligation; they did so, however, with much protest and reluctance. In doing so they clung tenaciously to the fiction of local responsibility. New York's initial state relief appropriation (chap. 798, 1931 ex.) was prefaced with the observation that "while the duty of providing aid for those in need or unemployed because of lack of employment is primarily an obligation of the municipalities, nevertheless, it is the finding of the state that in the existing emergency the relief and assistance provided for by this act are vitally necessary to supplement the relief work accomplished or to be accomplished locally and to encourage and stimulate local effort in the same direction." Other states, particularly those in the New England area, were more successful in leaving the bulk of the responsibility for relief with local communities. In still others, the responsibility was shifted from one level of government to another within a relatively short time. In Delaware, for instance, relief was financed by the state until the middle of 1934 when the burden was shifted to the county levy courts; at approximately the same time in California a shift occurred in the opposite direction. Not infrequently the failure of states to share in the relief burden was a direct consequence of sectionalism in state legislatures. Rural legislative cliques were occasionally successful in blocking state appropriations destined in large part for the relief of unemployment in industrial areas, thus restricting legislation to acts which enabled specific local governmental units to tap new sources of local revenues rather than the common treasury of the state.

In some of those areas in which states assumed partial responsibility during the past few years, a reaction is already discernible. States are withdrawing from the relief field, leaving the burden with local units. Since in many cases, local units will be unable to meet these requirements, it is not unlikely that a reallocation in the responsibility for governmental functions between the states and their subdivisions will be the consequence. The "replacement program" now under consideration in New Jersey, which would lift from the municipalities the responsibility for schools, soldiers' bonus, and salaries of judges and prosecutors now financed from property taxes, but return to them the responsibility for relief (with a mandatory three-mill levy for that purpose), is an advance signal of that trend. Earlier examples are not wanting. The commonwealth of Virginia has until this spring consistently refused to make a relief appropriation on the ground that, by relieving counties of a $3,600,000 annual road and some school expenditures, it left these counties in a position to provide relief funds.

To what extent state assumption of functions hitherto financed locally releases corresponding ability to provide funds for other purposes is subject to conjecture. Previous experience tends

to indicate that the local governmental structure is too inflexible to permit a ready redirection of such resources. On the one hand, local governmental needs are always in advance of available funds; on the other, local officials in charge of particular functional expenditures are reluctant to relinquish purse-strings now within their jurisdiction. North Carolina's much publicized assumption of the administration of rural highways and the financing of the eight-months' school term appears to have had little or no influence upon the availability of local funds for relief purposes. Rhode Island's more recent experience is equally suggestive. Speaking to the 1936 legislature Governor Green made the following observation concerning additional state aid granted local communities in 1935:

> This should have enabled the cities and towns to do a number of things which they excuse themselves from doing by reason of their financial stringency. It could have been used by the cities and towns in whole or in part for additional school appropriations, as I suggested in my message recommending the repeal of the state tax on cities and towns, or it might have been used for additional appropriations for roads and bridges, or it might have been used for the reduction of local taxes, especially on real estate. I believe I am justified in stating that only eight towns made any use of any part of this large sum for any such purpose. In the remaining towns, it was covered into the general receipts and, so far as most of the taxpayers know, these additional sums might never have been received. Let me state again, that this current year the state has made available in one way or another for the cities and towns of the state about $4,500,000, or almost $4,000,000 more than the year before I became governor, yet no corresponding benefits seem to have accrued to the citizens of those cities and towns.

Experiences of this sort tend to minimize the value of a readjustment in the division of governmental responsibility between the states and their subdivisions. Conceivably, the elimination of the existing inequity between the burdens falling upon the different tax bases (as a consequence of the inequitable division of governmental responsibility) must await another day — must await the time when conditions will have become sufficiently unbearable to force a reappraisal of all governmental functions in the light of their costs.

In the meantime, the extent to which the direct relief requirements of the future will be met will depend in no small degree upon the rôle which states will elect to play. The revenue structures of state governments continue to possess a degree of flexibility lacking in those of local units. The productive sales tax, as noted above, is here to stay. State income taxes, particularly in the lower income groups, leave some room for expansion, depending, of course, upon federal income tax policy.

RELIEF PROBLEM NOT SETTLED

On the whole, states and their subdivisions are no nearer to the solution of the permanent relief problem than they were at the beginning of the depression. For more than a half decade, the relief of destitution has been one of their major concerns. Its gravity notwithstanding, year after year was permitted to pass without even an attempt to dispose of it permanently. State legislatures acquired the habit of procrastination, expediency seldom failing to prevail over reason. The insistence of Washington for state and/or local appropriations as a condition of federal grants did produce some results but only of temporary duration. Once the federal lever was removed, the reaction was quick to set in. In the meanwhile, financially hard-pressed communities are meeting the problem to the best of their abilities, looking hopefully toward 1937 when their respective state legislatures are once again scheduled to convene. Possibly their prayers are now destined to fall upon more receptive ears, for the federal government is no longer on hand prepared to avert starvation if states and their subdivisions fail to do so, or do so inadequately.

Probable Effects of Federal Land Purchase on Local Government

Costs of county government can be reduced if taxpayers and office-holders will make adjustments in local government made possible by land purchase program

ROLAND R. RENNE

Montana State College

THE federal government through its land purchase and resettlement program is attempting, in an orderly way, to adapt the production techniques and local governmental patterns in selected areas to the basic natural conditions peculiar to these areas. The need for such a program becomes all too obvious when the adjustment processes now operating, and which have been operating for the past decade or more in response to natural forces, are analyzed. Drastic reductions in taxable valuations; increased tax delinquency, tax deeds, and mortgage foreclosures; the piling up of local public debt; and the reduction in the quality and number of local governmental services—all have resulted from over-speculation in land, over-development of local government, and improper land utilization.

How will the federal purchase program correct these maladjustments, and how will it affect local governments in these areas? Will it make possible a substantial modification of the basic institutional pattern of the community, and appreciable reductions in local governmental costs?

Maladjustments in the use of land seem to be particularly acute in the Great Plains area (a region extending from North Dakota and Montana on the north to Mexico on the south, known in early days as the Great American Desert). A large portion of the land being purchased by Uncle Sam lies in this region (of the 75,000,000 acres recommended by the National Resources Board to be purchased, more than one-third is in the Great Plains), and this paper analyzes the effects of land purchase and resettlement on local governments in this area.

CAUSES OF EXISTING PROBLEMS

The heaviest settlement in the Great Plains region occurred in a very favorable agricultural period when heavy yields and comparatively high prices were secured. The latter part of this period of settlement was accompanied by speculation, increased business activity, and the high prices of the war period, which resulted in inflated land values. Local governmental units and services multiplied in anticipation of an increasing population and an ultimate pattern of homes and farms similar to that in the older, more thickly populated areas. Schools were built, very frequently not more than two miles apart, and the number of counties doubled. (The number of counties in Montana increased from twenty-seven in 1909 to fifty-four in 1920). Heavy taxes, interest, and debt charges were piled up against the land.

This expansion was predicated upon a production pattern which was impos-

sible in many parts of the Great Plains area. The land was homesteaded in 160-acre units prior to 1911 when the enlarged homestead act was passed permitting the entry of 320-acre homesteads. This was increased to 640 acres by the stock-raising homestead act of 1916. These units, however, were far too small for efficient use of the range. At least four thousand acres or six sections of average grades of grazing land are necessary for one hundred head of cattle, and even this is a small range unit for any family entirely dependent on a range-cattle enterprise. Farm lands which produce, on the average, less than twelve bushels per acre per year under a summer fallow system are uneconomical for grain farming. An analysis of the soils of twelve Montana counties shows that more than one-third of the farm land is of the above type or what is called fourth-grade farming land, and in some counties as much as 83 per cent of the farm land is of this grade. Since a large part of the land farmed in these counties is used for wheat production, this indicates the extent of improper land utilization, which in turn results in increased tax delinquency, mortgage foreclosures, scaling down of the educational and other local governmental services, and general financial instability.

The splitting up of the semi-arid Great Plains into small, uneconomical units by homesteaders, investors, and speculators as a result of applying the same homestead plan of settlement which was used in the rich, humid areas of the eastern part of the Mississippi Valley, makes it necessary for present operators, if they are to approach an economic unit, to lease from numerous, usually unknown, owners, many of them scattered all over the United States. This puts the operators in an uncertain position because they have no assurance from year to year that they can maintain their entire operating units intact. Part or all of the leased lands may be sold at any time or the prices paid for the leases may be raised by the competition of neighboring cattlemen who have lost part of their range and must get other lands if they are to maintain their cattle numbers. This uncertainty in range control encourages severe overgrazing and misuse of the land resources. (Grazing capacity has been reduced in some areas by 50 per cent or more in the last fifteen years.)

CORRECTING PRESENT EVILS

The correction of present maladjustments depends to a large extent upon the grouping or blocking out of these small, uneconomical parcels into units of proper size, adequately controlled to improve and stabilize productivity. In many areas where the land ownership pattern is badly checkered with small, absentee-owned parcels, and a varied type of farming exists with no common interest between different private users of the land, the only method feasible for blocking out the numerous tracts seems to be federal purchase of many of them. The government will then lease these lands to the better established ranchers and farmers located principally along river bottoms or on the better lands. The families living on some of the tracts purchased by the government will be assisted in re-establishing themselves elsewhere. With the substitution of one large, permanent, non-speculative owner (Uncle Sam) in place of thousands of widely scattered absentee owners, stockmen and farmers should be able to lease economical units on reasonable terms for a long period provided they use the lands properly. This should result in building up and stabilizing the productivity of all lands in these areas and hence, the tax-paying ability of land remaining in private ownership.

In one western county where the federal land purchase program is in operation, the number of different ownership tracts will be reduced from 2838 to 2102 or 26 per cent when the federal government completes purchase of all lands in this county upon which it had options at the beginning of 1936. The average size of the tracts will be increased from 378 to 510 acres or 35 per cent. A total of 148 resident owners or 14 per cent of the total in the county have optioned their lands to the government, and will probably move out of the county if the sales are completed. Nearly three hundred absentee owners (non-residents of the state) or about one-third of the total have optioned their lands to Uncle Sam. Thus, of the 1,072,000 acres in the county, 551,315 acres or more than half will be owned by the federal government.

These changes raise many questions in the minds of the local taxpayers and office holders. "Will not this large increase in federal holdings and the moving out of the county of about one-seventh of the resident owners, greatly reduce the taxable property available for supporting governmental services?" they ask. And will it not shift a large part of the burden of supporting these services to city property owners? Federal lands are not now taxable by these local governments. What revenues, if any, will they get from this new public domain? In order to answer these questions, these financial implications will be analyzed under the following three heads: (1) Probable future annual revenues, (2) immediate cash receipts, and (3) savings from reorganization of community structure and local governments.

It is generally assumed that the federal government will give to the counties one-half of the gross annual revenues it secures from leasing its lands to stockmen and farmers. Precedent for this is already established by the Taylor grazing act passed in 1934 which gives 50 per cent of the money received from each grazing district (federal lands) during any fiscal year to the state in which said grazing district is situated, to be expended as the state legislature may prescribe for the benefit of the county or counties in which the grazing district is situated. It becomes necessary, therefore, to determine first of all the probable future annual lease returns from the new public domain, and to compare this with present revenue now being secured by local governments from these same lands.

PROBABLE FUTURE LEASE RETURNS

An average figure showing the probable future annual lease returns can be computed from a classification of the lands based on a soil reconnaissance to determine their grazing capacity, and the average farm price of beef over the forty-year period 1890-1930, which would indicate approximately the average lease rates stockmen might reasonably pay for such lands.[1] Present revenue from these lands is readily available from the tax rolls and county records.

In an analysis covering nine counties in the Great Plains area, assuming sale is completed on all lands listed for sale to the federal government, it was found that there would be 4,356,000 acres in

[1]The grades of land and lease rates are as follows: First grade (18 acres or less per 1000-pound steer for a 10 months' grazing period) 16 cents per acre; second grade (19-27 acres) 11 cents; third grade (28-37 acres) 8 cents; fourth grade (38-55 acres) 6 cents; and fifth grade (56 acres or more) 3½ cents. Third and fourth grade farming land (12 to 15 bushels of wheat and 8 to 11 bushels per acre respectively) also being purchased by the government, are given 16 cents and 12 cents per acre lease rates, respectively. The average farm price of beef in Montana during the period 1890-1930 was 6¾ cents per pound.

the new public domain in these counties, compared with only 1,173,000 acres as at present. The total revenue received by county governments and school districts from these 4,356,000 acres in 1934 was approximately $127,000, or an average of three cents per acre. This includes $112,186 received in taxes from the 2,753,000 acres of privately-owned lands that have been listed for sale to the federal government, and $14,542 received by the counties from 171,422 acres of county lands taken through tax deed and leased to private individuals. An additional 258,513 acres are owned by these counties which they were unable to lease or sell to private individuals in 1934 and consequently no income was secured from these lands. (All county lands have been optioned to the federal government by the county commissioners in these counties.) Nor was any revenue secured from the 1,173,000 acres of federal lands in these counties. These lands now occur in scattered parcels, many of which are as small as forty acres, that have never been appropriated or reserved, or if homesteaded, have reverted through default to the United States.

The estimated annual revenue which will be secured from the same 4,356,000 acres if the pending sales to the federal government are completed, totals about $154,000 compared with the 1934 revenue of $127,000, or about one-fifth more. This $154,000 is half of the estimated average annual gross income which the federal government should get from leasing these lands to resident stockmen. In other words, county and local governments may reasonably expect to get somewhat more, on the average, than they are currently getting from these lands. It should not be forgotten, however, that the estimated returns under the new program are based on a forty-year average price of beef, while the 1934 returns are those in a low price, depression year. But, with the present misuse of the lands, overgrazing, and depletion of the range-carrying capacity accompanying a faulty ownership pattern, the taxpaying ability is being decreased year by year as is evidenced by increased tax delinquency, tax deeds and mortgage foreclosures; whereas, with the controlled grazing and blocking out of the range into economical units which should accompany federal purchase and administration, the carrying capacity and lease-paying ability should be built up to a level considerably higher than that of the present.

The relationship between present income and probable future annual income under the federal land purchase program is not the same for each of these nine counties. In the case of six of them, the annual revenue under the new program will be greater than current revenue, the increase varying from 22 to 99 per cent. In the other three counties the expected revenue will be somewhat less than the present, the decrease ranging from 4 to 20 per cent. This variation between counties is due principally to three factors: (1) Variation between counties in the proportion of their land area now comprised of federal holdings and upon which they now get no revenue, but upon which they will probably get half of the lease returns if the new program is effected; (2) the difference in the extent of tax delinquency between counties. This in turn depends upon many factors, principally the extent of over-speculation in land values, improper utilization of the soil, and the relative efficiency of the local governments; and (3) the relative ability of the county commissioners to sell or lease county lands which have been taken by tax deed because of con-

tinued tax delinquency. This in turn depends largely upon local conditions, the size and quality of the county parcels, and the general alertness and business ability of the commissioners.

IMMEDIATE CASH RETURNS

In addition to the average annual lease returns which should be secured from the lands as noted above, the local governments will secure immediate cash returns from: (1) The cash payment per acre made to the counties by the federal government for their lands acquired through tax deed; and (2) the income which will be obtained from the payment of delinquent taxes that have accrued against private lands that are listed for sale to the government (all delinquent taxes against the lands must be paid when the federal government completes purchase and clears title).

The price per acre offered by the federal government for county lands in these nine counties varies from $1.00 to $1.53 per acre, the average price being $1.28. Consequently, these nine counties will receive approximately $548,000 for the 430,000 acres which they have taken through tax deed and which have not been sold. The total indebtedness of these counties is $2,142,000 and the proportionate share of the county indebtedness against the 430,000 acres of county lands amounts to $88,000. Thus, the counties will be receiving more than six and one-half times as much ($548,000) as the proportionate share of the indebtedness against these lands from the sale of such lands to Uncle Sam. In no county of the nine was the proportionate share of indebtedness against the lands equal to the sale price which the county will receive if the transaction is completed.

In addition to these returns from selling the county lands, these nine counties will receive a large sum from delinquent taxes which have accumulated against the 2,753,000 acres of privately-owned lands listed for sale to the government. About 14 per cent of these lands is delinquent one year in tax payments, 15 per cent two years, and 28 per cent three or more years. The estimated total delinquent taxes accumulated against these 2,753,000 acres is $758,000. If these lands are sold to the government the counties will receive approximately this amount in back taxes, distributed about as follows: County funds, 48 per cent or $363,800; schools (elementary and secondary), 44 per cent or $333,500; and state funds 8 per cent or $60,600. The total net indebtedness of these nine counties is $2,142,000, and that of school districts within these counties, $600,200. Thus, the sums obtained from the sale of county lands and from the paying up of accumulated delinquent taxes on privately owned lands listed for sale to the government, can be applied to reduce the indebtedness of these local governmental units, or if, as is the case in some counties, the bonds are not yet due for payment, tax levies for sinking funds to pay these bonds when they do mature can be reduced considerably or eliminated entirely. This would be an important factor in reducing taxes and would help to ease the present burdens and reduce tax delinquency.

In the case of one county, $123,000 of bonds were in default at the beginning of 1935; $51,000 of back interest on bonds was in default; $38,500 of bonds matured in 1935; $159,500 were due to mature in 1936; $38,500 in 1937, 1938, and 1939; and $303,500 in 1940. There are no moneys in the sinking fund and during the current year that county would have to make a levy of eighty mills in addition to other levies necessary for other county operations to pay the bonds and interest already in

default and the current interest and sinking fund requirements. This figure is based on a 100 per cent collection of tax levies and shows the utter impossibility of the county meeting its obligations unless some such readjustment program as that of the federal land purchase plan is effected.

It is reasonable to assume that if the lands listed are sold to the government, the local governments will receive large amounts of back taxes which they undoubtedly would never secure otherwise. When counties take tax deed because of continued tax delinquency, these lands are removed from the tax rolls unless they can be sold to private buyers promptly. The experience of most counties in the Great Plains area is that they can sell only a very small proportion of their lands promptly and the balance they try to sell at auction for whatever price land may bring. In most counties in recent years no private buyers can be found for the lands, but where a sale is made the price is frequently below the amount of accrued delinquent taxes and other charges against the land. Consequently, the county cannot collect all of the delinquent taxes which have accrued against the lands. The fact that 28 per cent of the 2,753,000 acres of private lands listed for sale are three years or more delinquent in tax payments, indicates that undoubtedly a large number of the owners of these lands will not be able to pay up all these back taxes, but will allow the lands to go to the county through tax deed. At least this has been the experience in many western counties in the past eight years. The federal government is the only agency in a position to buy up these lands and to enable the necessary readjustments to be made in an orderly and efficient manner.

SAVINGS FROM REORGANIZATION OF LOCAL GOVERNMENTS

In addition to the immediate cash and probable future annual lease returns above, the local governments will secure considerable benefits from the reorganization of community structure which will accompany, or at least will be made possible by the federal land purchase program. Studies made by the writer in two of these nine counties indicate that school costs can be reduced by between one-third and one-half with the new population pattern which would be established if all the lands now listed for sale in these counties were sold to the federal government. This estimate is based on the assumption that the resettlement administration will resettle the families who sell their lands to the government and want to be resettled elsewhere.

Studies of the author in county government indicate that costs of county government in these nine counties can be reduced from one-sixth to one-fifth through the reduction in road construction and maintenance costs, decreased number of assessments, less general bookkeeping and other clerical and administrative work. These savings are possible from the changes which will be effected in establishing a new land use pattern, but whether they will be secured depends upon the action of local taxpayers and office-holders in making the adjustments in local government corresponding to those made possible through the land purchase program.

CONCLUSIONS

It would seem that not only will the purchase program do much to correct present fundamental maladjustments in the Great Plains area by blocking out the scattered tracts into economical units, but it will be decidedly beneficial

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Rental Value As a Measure of Ability To Pay

An interesting experiment from the St. Petersburg survey

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ABILITY to pay—or, in other words, what can the taxpayer stand—has been the center of controversy in almost every difficult debt settlement of the last few years. It is obviously not measured by "assessed valuations" of property which are at the best only estimates of capital value based on numerous assumptions. "Market value" means little in a period of depression where such few sales as take place are forced sales. "Cost of reproduction new less depreciation" may mean very little when there is a surplus or scarcity of buildings. In this dilemma it is natural that "earning capacity" or "use value" should be turned to as an alternative to our customary methods of appraisal for tax purposes.

Recently the Consultant Service of the National Municipal League was called upon to make a study of the finances of St. Petersburg, Florida, with a view to suggesting the ground on which a bond settlement might be worked out. Ability to pay was the very essence of our problem and we were met by many and various opinions as to the oppressive character of present taxation and the possibilities of tax increases without disaster. Without committing ourselves to the "use-value" theory now advocated by leading real estate interests we decided that to determine the earning capacity of income property would be very helpful. We therefore undertook a study of rental value.

Obviously the limitations of time were such as to make it impossible to secure figures on all rental properties or even any very large proportion of them. The procedure adopted, therefore, was the careful selection of certain representative subdivisions. Questionnaires were sent late in March to the owners of all improved properties in these subdivisions. Of the 4,741 sent, 1,405 were returned. Of these, of course, many were on properties used solely by the owner as his home and were of no significance for the determination of rental value, while on others the figures were incomplete or even altogether lacking. It is probable that among the returns not considered because incomplete those on which the income was low or negligible preponderated. This is counter-balanced, however, by the probability that those whose properties yield little income tended to answer the questionnaires more readily than others. Very few replies were made by the owners of important business property. Not a single reply was obtained from the city's best business block, the north side of Central Avenue between Fourth and Fifth Streets.

Although information was requested

for the last ten years, only the figures for 1935 were sufficiently complete on enough questionnaires to make them worth tabulating. The figures used were all for the calendar year 1935.[1]

True rental value is not simply what the owner gets in cash as rent. His expenses on the property must be deducted. For each property, therefore, the amount of these expenses was secured and deducted from the gross rental income, notably:

(1) The cost of insurance carried on the property for the year 1935.

(2) Taxes payable to the city, county, and state.[2] Special assessments for improvements, however, were regarded as a capital outlay and not included as an operating cost.

(3) The actual cost of repairs, replacements, and redecoration during 1935. The cost for this one year on any one property is, of course, not representative; but it is believed that the variations cancel each other. If there is any preponderance of error, it is in the direction of greater repair cost this year due to the heavy gale of September 1935. In a few cases where the data were otherwise complete and it was clearly indicated that repairs had been made but the owner could not give exact cost figures, 4 per cent of the building's assessed valuation was included as a normal repair item.

(4) The cost of service rendered tenants, including heat, light, janitor service, etc., paid for by the owner.

(5) Miscellaneous operating costs (advertising, agents' and management fees, business licenses, etc.).

Mortgage interest and principal payments were not deducted, since they are a part of the net return on the property even though they do not go to the owner. Nor, in any case where repairs were counted as an expense, was depreciation also charged.

Three general types of rental property were represented in the sample covered —residential, commercial, and residential-commercial. A use classification of property in St. Petersburg presents peculiar difficulties. Its tourist industry far outranks all others combined. Not only does this mean an abnormal (short but furious) rental season; it also brings it about that types of rentals unusual elsewhere become typical there. Techniques had, therefore, to be worked out so that these could be represented in the sample.

(1) *Residential.* In this class (519 parcels covered with an aggregate assessed valuation of $3,705,110) were put all properties covered which compete in the rental residence market, from cottages to hotels. All hotels for which data were secured were included here, even though retail trade is carried on by the owner in them, on the principle that it is for the most part incidental to the residential use and in the nature of a service rendered to tenants.

There are four types of residence rentals where the owner's cash income in rents does not truly represent his rental income, and adjustments were made accordingly as follows:

(a) Where the owner occupies for the winter season and rents to a tenant in the summer, or vice versa. Of this type 49 samples with an aggregate valuation of $149,478, for

[1] In a few cases where the accounts were not kept on a calendar-year basis, figures for the last completed fiscal year were used. Assessed valuations throughout this discussion are those fixed by the city assessor as of January 1, 1935, and embodied in the tax roll confirmed November 26, 1935; and taxes are those which became due during the same year. If our calculations had been made on the reduced values of the 1936 assessment roll, the percentage of return would have been even higher. All assessed valuations include the full valuation before deducting widows', veterans', disability, or homestead exemptions.

[2] Except taxes on personal property; personal property valuations were also excluded from the assessed valuations on which the return percentages were based.

which the relative periods of the owner's and the tenant's occupancy were secured, were tabulated. Winter rents we find to be generally four times summer rents, but the term "season" is a variable one and we found a great variety of combinations of owner-tenant occupancy. For example, two months by a tenant and ten months by the owner gives the owner two months at least of high-value occupancy. We, therefore, for these properties included in the gross rental income an estimate of the rental value of the owner's occupancy on the assumption that on the average it is the equivalent of one-third of the average rent from the tenant, except of course where the tenant was a summer tenant, in which case the proportion is reversed. The net return on this type of property was 5.31.

(b) Where the owner is a person who actively manages a building for the renting of rooms or apartments, occupying a part of the building while tenants occupy the remainder. Of this type 44 samples with an aggregate assessed valuation of $542,493 were tabulated. For these properties the owner's occupancy was estimated to be the equivalent of his services, and no change was made in the gross rental income reported. The net return on this type was 5.75.

(c) Where the owner occupies a part of a building and tenants the remainder but the management of the building takes proportionally no more of his time than the management of any property by any owner. Of this type 28 samples with an aggregate assessed valuation of $125,274 were tabulated. For these properties an estimate of the rental value of the owner's occupancy was included in the gross rental income, on the assumption that the average rental on the number of rooms occupied by the owner is the same as the average rental on the number of rooms occupied by tenants. The exact line between this and the preceding type is not altogether easy to draw, but every effort was made to take only clear cases. Net return in this case came to 8.91.

(d) Where the owner occupies one building on a lot and tenants the others. In these cases, rather than attempt to estimate the value of the owner's occupancy, the lot was split. The gross rental income reported, less that proportion of the insurance, taxes, repairs, and miscellaneous expense which the assessed valuation of the buildings occupied by tenants bore to the total building valuation of the parcel, and less the full cost of services rendered to tenants, was tabulated as net profit or loss; and the same proportion of the total assessed valuation of the parcel was tabulated as the assessed valuation on which the income ratio was figured. Of this type 18 samples were tabulated, with an aggregate full valuation of $85,217 and a reduced valuation of the rented portion only of $50,055. The net return here rose to 12.87.

(2) *Commercial.* In this class (82 parcels covered with an aggregate assessed valuation of $1,585,379) were put all properties occupied by tenants for industry, trade, or business office purposes. No attempt was made to estimate the rental value where the owner occupied a property for these purposes, except in a few cases where the owner's occupancy was only partial and he made on his own books and reported such an estimate. This class of property is, of course, much less important in St. Petersburg than in the normal non-resort city (net return, 3.59).

(3) *Residential-commercial.* In this class (37 parcels covered with an aggregate assessed valuation of $560,315) were put all properties occupied by tenants partly for trade or business and partly for residence purposes. Typically this class includes two-story build-

ings with stores below and flats above (net return, 4.84).

In all classes, net loss figures for properties rentable but reported vacant were, of course, tabulated along with the rest. Vacancy throughout the year is, however, fairly rare in St. Petersburg, for the same reason that vacancy outside the winter season is frequent. Figures for properties which were being sold on contract were not tabulated at all, since it is impossible to tell what proportion of the payments received by the owner is rent and what proportion is to purchase an equity in the property.

COVERAGE

The parcels covered amounted to 15.02 per cent of the total number of rental properties and to 21.04 per cent of their assessed valuation. These figures were arrived at by excluding all unimproved parcels and all property in respect of which the homestead exemption applications showed the property to be occupied solely as a residence by the owner. The revised map of St. Petersburg, the largest and (since it contains most of the downtown business blocks as well as considerable higher-than-average residence property) by far the most highly valued subdivision, was represented to the extent of 19.25 per cent of the parcels and 19.58 per cent of the assessed valuation in the rental classification. On the average the higher grade subdivisions were slightly more completely covered. On the other hand, among the properties not covered by the survey because information was not available were all the properties on both sides of Central Avenue between Fourth and Fifth Streets—the best business location in the city—with a total assessed valuation of $1,881,467.

Figures were not available for the total number of improved parcels in the city or for their total assessed valuation, but that the sample was adequate for the city as a whole was indicated by the fact that the total building valuation of the parcels covered ($3,459,229) was 9.85 per cent of the total building valuation of the city for 1935 ($35,092,803).

CONCLUSIONS

It is evident:

(1) That property in St. Petersburg earned net in 1935 on the assessed valuation an average of 4.97 per cent after deducting operating costs including taxes.

(2) That the average net return on residential property was 5.58 per cent and on commercial property only 3.59 per cent, while on residential-commercial property it was 4.84 per cent. This disparity is explained in part by the fact that certain large hotels with a considerable net return appear in the residential class and by the fact that taxes on residences have been somewhat reduced as a result of the homestead exemptions.

(3) That of the total of 638 parcels covered, about a fourth showed a net loss in 1935 averaging 2.98 per cent, while the remaining parcels showed a net profit averaging 7.14 per cent.

It would appear from these figures that property in St. Petersburg is like property everywhere else in that some of it is unprofitable and some of it profitable. Without attempting any careful analysis of the reasons for the failure of some property to earn an adequate return, it is safe to say that in general it is due either to bad management or to the obsolete or run-down condition of the property itself. Apparently the property owners who through their fault or misfortune are not making good are much more vocal than those who are. Impressions gained by our staff in conversation with large numbers of St. Petersburg property owners have been to the effect that the

earnings of property were very much depressed. This, of course, is due in part to a disposition not to accept the results of the depression and to think of property values in the terms of 1926 and 1927 rather than in the terms of 1936. The fact of the matter appears to be that property in St. Petersburg as a whole is earning a substantial though not a lavish return upon the investment. Assuming for purposes of discussion that the assessed valuation of St. Petersburg is 90 per cent of true value, the return percentages become 6.42 per cent profit on the net profit properties, 2.68 per cent loss on the net loss properties, and 4.47 per cent profit on all properties. These figures would seem neither to justify the pessimism of some property owners nor to hold out to the city's creditors unlimited possibilities of increased taxation. If improved property can on the average earn 4.47 per cent net after paying taxes and all other expenses, there can be no serious complaint that present taxation is too high. This is further borne out by the fact that without any penalties or other adequate machinery for the enforcement of tax collection, the taxpayers of St. Petersburg are paying nearly 70 per cent of the current levy this year. On the other hand, the figures would seem to indicate that any drastic increase in taxation would turn the scale in the other direction. The earning capacity of property would be reduced below what can be considered a fair rate of return and as a further consequence tax collections would be slowed up.

PROBABLE EFFECTS OF FEDERAL LAND PURCHASE

(Continued from Page 406)

to local governments in this area. These considerations amply justify the program but several factors enter into the picture to prevent it from going forward rapidly and smoothly. Funds appropriated to date are sufficient to purchase only a small part of the lands listed for sale and consequently the program is in operation in only a portion of the counties originally planned. In the case of the nine counties discussed in this paper, the program at the beginning of 1936 is going forward in only three of them. Many misunderstandings on the part of local citizens, opposition of vested interests and office-holders, charges of too much government in business, and general government "red tape" have slowed up the program and weakened its appeal. However, many of the more far sighted agricultural and business leaders recognize the necessity of making these adjustments, and believe federal purchase is the most effective method of making them in many sections of the Great Plains area.

There is no intention or desire on the part of the federal government to purchase any more land in any area than the minimum necessary to enable a proper blocking out of efficient production units. Economic forces are and have been operating for some time through the crude law of the survival of the fittest to bring about the very conditions aimed at in the federal purchase program. But this is a slow and painful process. Is it not a more intelligent and civilized method to bring about these necessary adjustments through group action, planned and executed in an orderly way? The success or failure of the federal land purchase experiment will be a very important factor in determining future public attitudes toward the function of government in planning and assisting in the execution of readjustments in local production techniques and community patterns.

Note: Contribution from Montana State College, Agricultural Experiment Station, Paper No. 68, Journal Series.

Collegians Steal Legislators' Fire

Unhampered by political "ties that bind" college students enact model constitution and progressive legislation in annual conferences at Pennsylvania's state capital

MALCOLM L. WEBB

Chairman, 1935 Temple University Delegation
Pennsylvania Intercollegiate Conference on Government

Is the American college student interested in a public service or a public circus? Does he demand good government and an improved and trained public personnel? Does he insist that important public problems be handled efficiently and with dispatch, in accordance with the best available information?

If the annual Intercollegiate Conference on Government in Pennsylvania can be considered as an index, the college student is not only decidedly eager to study government in a more practical way, but is also desirous of influencing others through his study.

While the Pennsylvania state senate refused to relinquish its conservative position on capitol hill, a first intercollegiate unicameral legislature, free from politics of the conventional variety and from the influence of lobbyists, passed legislation as progressive as that of Governor Earle's house of representatives. This legislature, which met in April of last year, represented the second attempt of college students to dramatize state government on a large scale and to meet in a realistic way the actual conflicts with which such a government is confronted.

Intercollegiate Constitutional Convention of 1934

In the spring of 1934 over two hundred college students from approximately thirty Pennsylvania universities and colleges convened at the state capitol in Harrisburg, and in three days framed a new and "model" constitution for the state. For the first time in the history of the commonwealth—possibly in the history of the nation—an intercollegiate constitutional convention had met in an effort to redraft a constitution of a state. Where the last constitutional convention held in Pennsylvania in 1873 took some eighty-four days, the collegiate representatives had less than three days in which to complete their work.

Remaining in Harrisburg over the week-end, the youthful delegates, actually representing all sections of the commonwealth, labored in committee and plenary sessions, emerging with a constitution that exhibited the trends of political thought in this new and difficult era. Pennsylvania's new "constitution" boasted such striking features as those calling for a unicameral legislature of not more than one hundred members, elected for a four-year term from not more than ten districts through a system of proportional representation; a provision for a legislative council to bring into harmony the legislature and the executive; a judicial council centralizing responsibility in the administration of the law; measures for social welfare; and a more powerful executive.

With the adoption of the constitu-

tion, the first state Intercollegiate Conference on Government had become a reality. Once the dream of many a college man interested in government, such a conference had been crystallized through the leadership of two students of the University of Pittsburgh. These students, John P. Bracken and Miss Genevieve Blatt, utilized their past experience in conference work, and notified the universities and colleges of Pennsylvania of a plan for an intercollegiate constitutional convention. The conference was a success, due largely to their intelligent interest and painstaking preparation. It was their plan, but their collegiate brethren showed not only that they wished to adopt it but that they desired to extend it. Consequently, with the close of the conference, the delegates requested the assistance of the sponsors in the organization and maintenance of an annual state conference on government. A continuation committee composed of one representative from each of the twenty-nine charter-member schools represented at this first meeting was then delegated to work with the founders in the formulating of plans for an annual Intercollegiate Conference on Government.

Tradition and liberalism were mingled in the production of the first intercollegiate state constitution. The resulting document was mimeographed and mailed to all of the delegates present, to the members of the general assembly of the commonwealth, and to other interested persons. The constitution was entirely the students' own. Faculty members were present but took no active part in molding its form; the college men and women, guided by past experiences and their knowledge of public questions, were free to act as they thought best. A consensus of opinion among both faculty members and men of public affairs alike acclaimed the collegiate constitution as a worthy instrument of government. One of the faculty advisors was heard to say that he would like to feel sure that a real constitutional convention would do as well, accordingly, as these young people did in less than three days.

THE SECOND CONFERENCE

It was to legislate under the constitution framed in 1934 that again over two hundred students from approximately thirty colleges and universities in the state convened in Harrisburg, this time to conduct the first unicameral state legislature in Pennsylvania to be held since the first state constitution was replaced by that of 1790.

Governor George H. Earle delivered the opening message to the prospective legislators, in an address broadcast over the radio from the spacious forum of Pennsylvania's new Education Building, the hall in which the legislature met. The Governor envied the ideal situation of a one-house legislature, free from the influence of lobbyists, and cited his own difficulties with a senate group which did not come up for reelection in 1934 and which was then engaged in blocking action upon important measures. "I am deeply interested in seeing how you settle such problems as the perplexing taxation question," stated the Governor. Hon. David L. Lawrence, Secretary of the Commonwealth, also addressed the conference members during the broadcast. Miss Genevieve Blatt, co-director, presided at the opening general session; John P. Bracken, the other co-director, was elected as the speaker of the legislature.

Following the addresses on Friday morning, the delegates retired to caucus rooms in the state capitol, where they spent the afternoon drawing up bills for presentation to the legislature. Ten committees were decided upon previous to the actual assembling of the

conference, and the member schools had prepared to have representation on as many of these committees as possible. All proposals for legislation were referred to some one of them as follows: education, industrial relations, judicial organization, local government, natural resources and public utilities, old-age pensions, relief administration, social insurance, suffrage and elections, and taxation and finance. After a brief recess for dinner, the delegates met again in committee sessions in the Penn-Harris Hotel, where the conference headquarters were located. Subcommittees engaged in drafting bills labored on late into the night, sometimes to convene again at six or seven o'clock in the morning.

It was Saturday morning, in the absence of the general assembly over the week-end, that the hundred-member legislature attempted to solve Governor Earle's legislative problems. With the obstacle of two opposing houses removed, the students introduced and passed, by a necessarily simplified procedure, forty-five bills in a day and a half—a record equal to that of the closing hours of a regular legislative session.

Representation in the legislature was apportioned according to school delegations present and to the selections of the ten conference committees. Three members were selected from each of the ten legislative committees by the system of proportional representation to preserve the intent advanced by the constitution, and two were chosen by each school delegation to insure the participation of all of the schools in the actual work of legislation.

Progressive legislation included a plan for the modernization of the judicial system which provided for a judicial council, thereby greatly centralizing administration and responsibility. In the field of local government, many of the smallest units were eliminated and county consolidation effected. Only a single unit of local government was retained in Philadelphia and Allegheny Counties, and municipalities were given an opportunity to vote for a manager type of government. A progressive income tax was designed to relieve the burden on real estate, in so far as possible, and to do away entirely with sales and nuisance taxes. Liberal legislation in welfare and industrial relations was passed.

Perhaps the most contested and most exciting debate arose when a bill advocating state ownership and control of minerals, non-navigable streams, and forests was defeated by a vote of 29-26. A sounding of yeas and nays had failed to decide the issue, but a roll call vote spelled its defeat. Since the measure was apparently defeated by objection to details rather than to intent and purpose, the legislature referred the bill to a committee with instructions to report a compromise bill the next day. The report of this committee was adopted.

Adjournment Sunday marked the close of this second Pennsylvania Intercollegiate Conference on Government.

A NATIONAL PARTY CONVENTION

With the staging of an intercollegiate national party convention in April of this year, the Pennsylvania Intercollegiate Conference on Government marked a third milestone in its annual contribution to the dramatization of government.

Once again the students from all parts of the commonwealth assembled for a three-day stay at the capital, and once again student opinion was voiced and recorded on practical government "issues" of the hour. The conference departed, however, from its previous decision to confine itself to state and local affairs. This advance into the realm of national politics was a concession to the general interest in na-

tional problems in a presidential year, and it is believed the conference will again return to the state field with future meetings.

As in the former assemblies of the conference, students met in committee sessions first and then in plenary sessions for debate and for the adoption of the various committee reports. Subject matter was considered at this year's party convention under the following committee heads: agriculture, foreign relations, governmental organization, money and banking, natural resources and public utilities, social security legislation, taxation and government finance, and constitutional change. After taking a stand on each of these matters, the conference adjourned.

THE FUTURE OF THE CONFERENCE

Boasting a great and continued interest of the students of Pennsylvania colleges, the conference "marches on." It had reached the point where plans for permanent organization could be seriously proposed, and the adoption of a plan secured.

The adjournment of the "legislature" in April of last year brought with it a concentrated demand for permanent organization. Thus, previous to the recent third conference, a continuation committee was at work preparing not only for the next conference but for permanent organization. At this year's meeting a constitution was adopted providing for the preservation of the conference along the lines upon which it had been launched.

The new constitution crystallized the essence of the conference in stating that its purpose "shall be to foster an interest in governmental problems among the students in colleges and universities by dramatizing the activities of the government in an *unbiased, nonpartisan manner.*" It further provided for an associate membership for institutions outside the state which might wish to participate. To bring the conference the benefit of general faculty advisorship without destroying the absolute student control of the conferences themselves, provision was made for *the central committee,* composed of two students from each member institution, to meet at times with the central advisory committee, composed of five members of the political science faculties of the participating institutions. The various conferences are headed by a director selected by the central committee.

EVALUATION OF STUDENT CONFERENCES

Students in attendance at the conferences were in practically all cases enthusiastic over their participation. Those that had taken part in other student conventions on government testified that this venture was in many ways unique and more attractive. The model assembly of the League of Nations, while now a well established student tradition, can rarely call forth an interest equal to that shown in these annual assemblies at the state capital. Students can feel the part, when dealing with local interests and state affairs, while on the other hand, it is more difficult for young college men and women of America to imagine themselves in the position of the Japanese, the Armenians, or the British. Then, too, the atmosphere of a large state capital is most appropriate. Students present at the conference feel assured that others will read of their activities; this contributes to a feeling of responsibility and the possession of a real and personal interest in the measures which they advocate. Furthermore, this conference is one truly of the students and by the students. Participation in such conferences bestows upon the student something in a practical sense more valuable than classroom attendance alone could hope to do.

Besides the value arrived at through the experience of meeting the problems which confront actual state governments, the participants become acquainted with many prospective lawyers, economists, political scientists, and teachers. A resolution was adopted at the close of the conference last year providing for the printing of the names of all members present in the proceedings, copies of which are sent to all present and to those interested. It would be interesting for those who receive these proceedings to glance back upon the names five, ten, twenty, or more years hence to see just how many of those present at the first intercollegiate legislature have by that time attained distinction in professional life or in public affairs.

At the beginning of this article, the question was asked: "Is the American college student interested in a public service or a public circus?" With the close of this third Intercollegiate Conference on Government in Pennsylvania, it might appear safe to infer that the college student is interested in good government—that as many might attend an academy of government as now attend the United States Military and Naval Academies.

Hon. Richard J. Beamish, former secretary of the commonwealth, when addressing the first Intercollegiate Conference on Government in 1934, referred with approval to the possibility of the development of an American youth movement. In Great Britain, college is a step toward the government service, which is a worthy and highly respected career. It may be that this interesting and novel experiment in Pennsylvania will be able to provide an incentive in this direction, if only it could awaken the taxpayer and the politician to the fact that youth demands a career in government and that in the satisfaction of this demand lies better government.

National, state, and local governments have recently demonstrated a greater willingness to turn to college faculties and college graduates for men to fill important positions in public service. Yet, while schools of commerce in our colleges and universities continue to prepare men for private business, relatively few institutions prepare men especially for public office.

Participation in conferences such as these bring college students into closer grips with the realities of government. Students in other states may well follow the lead of the college men and women of Pennsylvania. Colleges and governments might well pave the way for the expression of the desire of students for "better" government and for careers in government service.

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Redefining the Metropolitan Area

The wide variations between cities in area, density of population, and suburban relationships make it difficult to set up a definition applicable everywhere

ALBERT LEPAWSKY *University of Chicago*

THE metropolitan district is an international phenomenon.[1] There are thirty-six cities in the world with over a million inhabitants and few of these "milliontowns" have escaped the problem of defining their metropolitan area or the region of their greater city. This is true not only of New York which ranks first in population (6,930,000) and of the European capitals, London (4,397,000), Berlin (4,236,000), and Paris (2,891,000), but it is also the case in Tokio which ranks second (5,321,000), Moscow which ranks seventh (2,781,000), Shanghai which ranks fifteenth (1,486,000), and Mexico City which ranks thirty-fifth (1,005,000).[2]

In spite of the world-wide scope of the problem it is extremely difficult to formulate a uniform definition of the metropolitan district which would be useful on an international scale because of the wide variations between cities in area, population density, and suburban relationships. How capricious simple comparisons may be is indicated by the fact that Rome, which may be regarded as synonymous with the Greater Rome, is the world's largest city when measured in terms of area (766 square miles), but it ranks twenty-ninth in population (1,037,000). European census experts are now attempting to develop a uniform definition of the metropolitan district or the "agglomeration urbaine" under the auspices of the International Institute of Statistics, but except for emphasis on the fact that density of population seems to be an important factor for comparative purposes, not much progress toward a perfected definition has been made.[3]

The same difficulties hamper the adoption within each nation of uniform definitions for metropolitan districts. The German census speaks of the *Grossstadt*, but this term merely refers to the city of a hundred thousand or more inhabitants, and not to the metropolitan area. Some statistics have been presented in the English census for "industrial areas," and similarly for *industriegebiete* in the German census which go beyond the established municipal limits, but the boundaries of each such district were arrived at arbitrarily on the basis of purely local circumstances. The French census presents

[1]The writer is indebted to the Social Science Research Council for the grant of a European Fellowship for the year 1933-34, through which he was able to observe at first hand the experiences of European governments on this and related questions; also to the Bureau of the Census to which he was attached as a special agent assigned to Europe.

[2]The statistics for the European cities refer to the years 1931 except for Berlin (1933), Mexico City (1930), and Tokio and Shanghai (1932).

[3]Henri Bunle, "Comparaison Internationale des Agglomerations Urbaines," XXIIe *Session de L'Institut International de Statistique, 1934* (The Hague, 1934).

figures for built-up or agglomerated population (*agglomérée*) and scattered population (*éparse*), but these take into account no factor other than spatial concentration of population and offer no definable limits for the metropolitan district. The Czechoslovakian census speaks of "agglomerations" and in New Zealand data is presented for "urban areas" which cover a central city and its suburban surroundings, but in each case the areas which are regarded as suburbs depend upon local circumstances.

In the United States a greater attempt has been made to develop a statistical and accurate definition. The "industrial area" used in the United States census of manufactures since 1905 has depended in slight measure upon the application of uniform measurable factors, but local considerations have always influenced the drawing of the area's limits. However, the "metropolitan district" of the United States census has since 1910 incorporated purely statistical factors. Under the 1930 census, a metropolitan district has the following general features: (1) A central city of at least fifty thousand inhabitants; (2) a total population of at least a hundred thousand in the metropolitan district, which covers the central city plus its "surrounding area"; and (3) included within the "surrounding area" are all adjacent and contiguous civil divisions with a density of at least 150 inhabitants per square mile. This is a precise and uniform definition but it is also a rigid one and commits the error of giving inadequate consideration to local circumstances. According to this definition an uninhabited rim around the central city may set the limits of the area too close in, and may exclude integral parts of the metropolitan community which happen to be just beyond these limits. Actual usefulness of definition has been sacrificed to uniformity.

The current American scene, however, calls for a more flexible and useful census definition and set of statistics relating to metropolitan areas. According to the 1930 census, 54,753,645 or 44.6 per cent of the inhabitants of the United States live in metropolitan districts. In spite of certain countertendencies, this figure may be expected to hold its own at the next census. In any case the designation of areas like the metropolitan district, which disregards traditional municipal boundaries, is of utmost importance. Regional shifts in American life are bound to accompany such programs as the depopulation of submarginal lands, subsistence homestead projects, regional projects like TVA, establishment of trade areas for the operation of commercial codes and cartels, urban and suburban migration and mobility, and the development of metropolitan housing and transport. Without a more accurate census definition and description of the metropolitan community than is now available, American government and enterprise will find itself handicapped in dealing with these newer regional developments.

SWING OF POPULATION

There is one measurable factor employed by European census offices which may be used to vitalize the definition and the study of the metropolitan district in the United States. This is what may be termed in American parlance, the swing of population. A measure of the daily swing of population would express statistically the daily interchange of population between city and suburb, between neighborhood and neighborhood within the city, and between one section and another of the metropolitan district. It would, moreover, make it possible to define the

metropolitan area more accurately and more flexibly by indicating the territorial limits of the district in which there is a significant ebb and flow of population converging on the central city. It would be useful in presenting a moving picture of an urban region and not a mere static description of the metropolitan population. In England similar inquiries are referred to as "place-of-work" inquiries, in Germany as *pendelwanderung* studies, and in France as studies of *migration alternante*.

The English place-of-work inquiry was first incorporated into the 1921 census schedule for the purpose of providing information of value for the problems of transport and housing and for general industrial purposes. The information was presented in tabular form in order to show for each town of over twenty thousand: (1) Total night population; (2) total day population; (3) percentage of night population which lives in the municipality but does not work there; (4) percentage of night population which works in the municipality but does not live there; (5) net outward or net inward daily exodus, expressed as a percentage of the night population.

In addition to these general tables a separate work-place volume presented more detailed information for certain municipalities including the town of residence and the destination of those who took part in the daily movement of population.

Neither the German nor the French census has gone into the work-place question on such an elaborate scale. The German census schedule incorporates a place-of-work item, but statistics have been prepared on this question only for certain areas and for experimental purposes. In a detailed analysis, on a much more graphic scale than the English work-place inquiry, the *pendelwanderung* in the Leipzig area only (*mitteldeutschen industriegebiet*) was analyzed in a 1931 report of the German census office.[4] Since 1901, the French schedule has also contained a place-of-work question, and on the basis of this data the French census office has studied certain border departments and the Paris region, the latter being analyzed in a report issued in 1932.[5] Like the English data, the German and the French inquiries cover only daily movement of so-called "occupied" persons.

DIFFICULTIES MET

Certain technical problems were encountered particularly in England with respect to the exact designation of the work-place, tabulation of travelling agents or itinerants with no fixed work-place, the unemployed, the inflation of normal figures for certain areas as a result of the fact that the census was taken during the holiday season (June 19), and the detailed tabulation of the work-place data by districts. But these problems were handled with some degree of satisfaction. It will be noticed that the work-place question covered only the mobility of "occupied" persons, that is, daily movements in the course of employment. No attention was given to the daily drift of population for other purposes, such as school attendance.

In 1931 the English place-of-work inquiry of the 1921 census was not repeated. The reasons advanced by census officials were varied: the catastrophic events of the world war period were no longer present; the decision to

[4]Statistisches Reichsamt, *Vierteljahrshefte zur Statistik des Deutschen Reichs,* 1931, vol. 1, pp. 15, 132-148.

[5]Henri Bunle, "Migration alternantes dans la région parisienne," *Bulletin de la Statistique Général de la France,* July-September, 1932, vol. 21.

have a quinquennial census after 1931 removed the necessity for meeting contingent statistical needs for a longer period; public economy was an important factor. On the question of economy, it will be noted that the cost of the census had risen from £4 9s 6d per 1000 persons in 1911, a figure at which the cost had fluctuated since 1871, to £9 5s 6d in 1921, and that the principal addition in 1921 was the work-place item. The cost of living index had, however, more than doubled between 1911 and 1921 and on a proportionate basis there had been no increase in cost at all.[6]

The use of the national census studies can be appreciated by the English experience, even though the work-place question was discontinued in the 1931 census. The data of the 1921 census had been extensively used by regional survey agencies, by transport authorities, by national ministries like the ministry of labor in defining unemployment figures for certain districts. Census officials were not in agreement in their opinions on the point, but it appears that there was considerable complaint about the deletion of the place-of-work inquiry in 1931.

LOCAL AUTHORITIES AID

As a matter of fact, official European experience with statistics relating to the metropolitan district is not limited to the national census authorities, and the inquiries and definitions of the national census relating to metropolitan districts are not sufficient to cover the needs of official and business agencies.

Municipal and provincial authorities in Europe have since about 1900 gathered partial data on the question of the swing of population through local census, through the examination of household or police lists and through the use of transport data. The compilation of such statistics is not limited to the countries we have analyzed. Zurich in Switzerland, Copenhagen in Denmark, Amsterdam in Holland, Stockholm in Sweden, and Budapest in Hungary have for certain periods, particularly since the World War, gathered such statistics, though much of this data refers primarily to intra-urban instead of interurban movement.[7] Even the League of Nations has become interested in the daily flow of population across international frontiers, which in certain regions of Europe takes on considerable proportions. None of these studies, however, has the completeness exhibited in the national census reports available in England, France, or Germany since frequently only test periods and only parts of the entire metropolitan or of the regional community are covered.

But in the definition of the metropolitan district, official municipal studies have had to go beyond the limits set by the national authorities in Europe, even for the independently defined capital cities of London, Paris and Berlin.

The metropolitan police district or the Greater London of the English Registrar General's office by no means covers the area of transport, housing and commutation, which may be regarded as important for the administration of metropolitan government. The London traffic area, coterminous with the Greater London regional planning area, delimits an official area for the control of transport and planning which

[6]Though the basis of the cost of living index was changed after 1920 it is possible to compute the following index numbers of wholesale prices, 1900-100; 1911-109; 1921-236. United Kingdom, *Labor Statistics*, July, 1928, Cmd. 3140, pp. 128-129.

[7]Henry Bunle, Comparaison Internationale des Agglomerations Urbaines," *XXIIe Sessions de L'Institut International de Statistique, 1934* (The Hague, 1934).

goes far beyond the metropolitan police district or the Greater London of the English census. This broader district is roughly an area within a thirty-mile radius around Charing Cross and it probably conforms more with the increasingly wider area of mobility and metropolitan life. It contains 9,145,217 inhabitants, while the population of the official Greater London is only 8,202,818. *London Statistics,* the official publication of London County, covers the adjacent territory beyond Greater London in presenting statistics on a variety of subjects. The story of this broader London, which may be termed Metropolitan London, is a further commentary on the limitations of even the widest of the official Londons, now designating the sprawling world metropolis.[8]

Nor does the city of Paris or the department of the Seine embrace the wider Paris community. In what is now by common consent and by informal census definition the Greater Paris Region (la région parisienne), which includes not only the department of the Seine but also the departments of the Seine-et-Oise and the Seine-et-Marne, there are 6,705,579 inhabitants. An official municipal study involving the reorganization of government in Metropolitan Paris delimits a different area, referred to as *Le Plus Grand Paris,* consisting of the whole of the Seine and certain communes in Seine-et-Oise and Seine-et-Marne within a radius of thirty-five kilometers outside of Paris, as well as certain communes in specified cantons in the department de l'Oise.[9]

[8]Studies of Metropolitan London as well as of other metropolitan and regional problems in Europe are now being completed by the writer.

[9]Francois Latour, *Le Plus Grand Paris: Probleme D'Autorite* (Paris, 1931).

THE GERMAN DEFINITION

In Germany the leading cities have also found it necessary to establish their own definitions of the metropolitan area. Hamburg, Germany's second city, has been unable to withstand the artificial isolation which separates it from Prussia's cities of Altona or Harburg-Wilhelmsburg, and its planning and surveys on a metropolitan scale are among the most elaborate in Germany and in Europe.[10] Munich goes outside of its boundaries in its official reports involving its economic life.[11] Even Berlin, whose boundaries have in 1931 been extended to conform with the Greater Berlin, or Gross Berlin, is not regarded as coterminous with the entire region of metropolitan activity, and Berlin's official economic surveys and studies recognize some of the limitations of the Gross Berlin area.[12]

For business purposes, too, the European census designations of the metropolitan district are inadequate. Taking a broader view of the problem from an unofficial as well as an official viewpoint, the preference in Europe as well as in the United States would seem to rest with the kind of metropolitan statistics, which, like the swing of population data, presents a dynamic picture of metropolitan movement. This kind of data would leave each agency or enterprise free to redefine the metropolitan district for particular purposes by deciding for itself how much of a daily interchange of population it regards as important for the purpose in

[10]See the publications of the Hamburgisch-Preussischer Landesplannungausschuss, Vol. 1-4 (Hamburg, 1932).

[11]Statistischer Amt der Stadt München, *Die Quellen Des Münchener Wirtschaftslebens* (München, 1930).

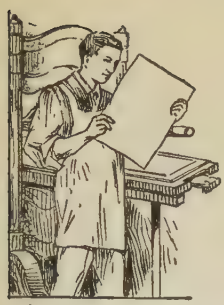
[12]Statistischer Amt der Stadt Berlin, *Berlins Wirtschaftliche Verflechtung* (Berlin, 1928).

hand. If this information were available along with the other factors incorporated into metropolitan census statistics, it would also be possible to work out a more adequate general definition that could be applied on a national as well as a world-wide scale.

CONCLUSION

To summarize, then, the metropolitan district with its central city and its independent suburban municipalities is an international phenomenon, but no European census office has developed a uniform definition for the metropolitan district comparable with the definition of the United States census. The United States definition itself, however, is too rigid and does not pay enough attention to the possible variations of particular metropolitan districts. Nevertheless, certain European experiences, particularly those arising from census studies of the place of work or the daily ebb and flow of metropolitan population, are applicable to the American scene. This phenomenon which may in American parlance be termed swing of population can be measured by an additional question in the census schedule covering the place of work or better still the "place of daily activity." European experience indicates that the financial and technical questions involved in such an added inquiry do not offer great difficulties. If a "place of daily activity" question is incorporated into the census schedule, it should not refer merely to "occupied" persons, but also to students, and to others who normally enter into the daily interchange of population between residence and place of activity. The resultant information need not be tabulated in detail, and statistical treatment could be very general except for particular areas which required detailed analyses of the exact sources and destinations of those involved in the daily swing of population.

Swing of population data would present a moving picture of the population and would add to the census a dynamic element of great utility under the mobile conditions which prevail in the United States. For the particular purpose of developing a uniform definition of the metropolitan district, it would be an additional factor which could be employed along with other factors, such as distance from the central city, adjacency and contiguity, density of population, and perhaps built-up area. For the more general purposes of metropolitan survey and administration, it would provide a uniform and flexible statistical basis for the study of metropolitan ecology; it would be useful as a measure of intra-city movement and activity as well as interurban, suburban, and metropolitan activity; it would be of particular value for the planning and administration of transport and housing; and it could be flexibly applied so as to permit each agency or enterprise, official and unofficial, to redefine its metropolitan district for its own particular purpose.



NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Council-Manager Plan Developments.—In Atlanta, Georgia, the city council committee on charter revision recently approved holding an advisory referendum on the adoption of the manager plan at the primary on September 2. If the vote is favorable, the mayor will be required to appoint four councilmen and three citizens to draft a charter for submission to the January 1937 session of the state legislature. Five successive grand juries have approved the manager plan for Atlanta, and many leading civic organizations are reported to be giving it their support.

The Citizens' Committee on Los Angeles city government has just issued a ten-page mimeographed folder entitled "The Council Manager Plan Proposed for the City of Los Angeles." This committee is headed by L. A. Guiton, and Russell H. Ewing of the University of Southern California is technical director.

At a meeting in May in Roanoke, Virginia, it was unanimously recommended by representatives from all parts of the country that a petition be drawn up for a special election on county-manager government for Roanoke County. It is necessary to obtain six hundred signatures on the petition. The Ludlow, Massachusetts, Civic League is renewing its drive for the adoption of the manager plan. In Little Rock, Arkansas, where a proposal for city managership was defeated at a special election in November 1934, petitions are said to be in circulation which seek another special election and the naming of a charter committee.

The Proposed Pomona Charter.—The board of freeholders, elected April 1, 1935, in Pomona, California (20,804 population), recently filed a proposed council-manager charter with the municipal authorities for submission to popular vote on November 3, 1936. Popularly elected officers are limited to a council of seven, a board of education of five, and a police judge. Nomination to four of the offices in each policy-forming body is by ward, but election is at large. Three members of the council and one of the board of education are nominated, as well as elected, at large. The council chooses the mayor from its membership, and the board of education chooses its president.

Besides the manager, the auditor-clerk and the attorney are appointive by the legislative body. All other municipal employees are appointed and removable by and are directly responsible to the manager. Authority over personnel, accounting, budgeting, purchasing, and supervisory matters is specifically protected from political interference and is placed exclusively in the hands of the chief administrative officer. The council as a body, but not individually, may investigate the operation of municipal affairs, and, at any time by a four-sevenths vote after notification, may dismiss the manager. The auditor-clerk issues and countersigns all warrants upon demand of the manager, being responsible for their legality and their provision within the appropriation ordinance.

The most interesting and unique provision of the proposed charter is the vote-and-a-half system of election. This particular plan was studied and developed during 1934 by a section of the Commonwealth Club of California (reported in "Transactions", Vol. 29, No. 8, January 22, 1935). It is a modified nontransferable preferential plan with the second

choice vote weakened to half value, and was designed with specific reference to the question of validity under California's constitution, which has been so interpreted as to prohibit proportional and transferable voting methods.

Direct legislation is provided in the charter in the form of initiative and referendum, but a limit of one such special election of each type per year is established. The limitation may be overcome by depositing funds adequate to pay the costs of a second election; if the electorate supports the sponsors or petitioners, the deposit is returned. Similarly, recall is not applicable to an elective official for six months after taking office, and is limited to one attempt each six months thereafter unless funds to cover election costs are submitted with the petition. A recall ballot includes the specific question of the recall as well as the list of succeeding candidates to the office, no vote for a candidate being effective, however, unless the question of recall has been voted on.

Although requiring that purchases in excess of five hundred dollars be awarded to the lowest responsible bidder, and that the sale of public property be by auction, the proposed charter provides that the trade-in of used equipment may be considered as a partial payment on purchases. The lowest *net* bid then becomes acceptable. This method avoids the difficulty and escapes the loss attending the usual combination of sale by auction and purchase by bid.

Pomona now operates under a modified mayor-commission charter. Los Angeles County performs the municipality's health, assessing, and tax-collecting functions on a contract basis, an arrangement for which the new charter provides continuance.

O. W. Campbell
University of California

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Enabling Laws for Planning and Zoning.—Seven kinds of enabling acts on planning, represented in a total of nearly two hundred laws passed by the forty-eight states within the past dozen years, make it possible for practically every political unit to enter into some form of this governmental activity, according to a compilation released by the American Society of Planning Officials.

All forty-eight states have enabling acts for city zoning. City planning enabling legislation is found in thirty-eight states, although five provide for local legislation. State planning boards are permanent in thirty-three states, and governor's boards or commissions in thirteen more. Twenty states allow county planning and twenty-two grant official status to regional planning by counties or metropolitan areas. County zoning is lowest on the list. Only ten states have seen fit to follow the example of Wisconsin, which in 1927 passed an act permitting this aid to control of land use in the interest of effective state planning.

Besides Wisconsin, the states of California, Illinois, Indiana, Michigan, Tennessee, and Washington have county zoning enabling acts, while Georgia, Minnesota, and Virginia have passed special laws for certain counties. California counties, however, are the only ones that have begun to make much use of the enabling law. Orange County, California, recently adopted a novel law which divides the county into general districts but which permits more detailed and intensive zoning of any section desiring it, within the structure of the general ordinance.

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Voluntary Associations in the Public Administrative Field.—Public Administration Clearing House, Chicago, has just published the third edition of its biennial "Directory of Organizations in the Field of Public Administration," which brings together in one volume brief descriptive statements outlining the purposes of more than five hundred national organizations, and lists in addition 1,220 state groups, seventy-nine regional organizations, and 87 in Canada. The directory is limited to those voluntary associations which are concerned with some one or more phases of public administration, national, state, or local. They are composed of public officials, professional and technical men, and laymen.

*

Permanent Registration in Illinois.—The Illinois legislature in June passed the "honest elections" bill, which provides for permanent registration of voters in all cities with election boards. These include Chicago, a few of its suburbs, and nine down-state cities. Others can adopt it by referendum The bill requires that persons registering to

vote sign duplicate cards, one of which is to be compared with the voter's signature when he asks for a ballot at the poll. Governor Horner announced that he would sign the bill, which is to be effective July 1.

*

New Community Planning and Housing Courses.—The School of Architecture and Allied Arts of New York University has announced the establishment of two new courses in its curriculum for the year 1936-1937, one being on the urban community and the other on housing. An occasional seminar on housing and community planning will also be held; project studies and other practice work will be arranged, exhibits will be presented from time to time, and the New York Municipal Art Society offers a series of lectures on municipal art. The courses are in charge of Dr. Carol Aronovici.

*

Local Government Round Table.—In connection with the tenth annual Institute of Public Affairs at the University of Virginia, July 5 to 18, there will be a round table on the subject of local government, led by Professor Arthur W. Bromage of the University of Michigan. It is designed primarily for the benefit of the teachers of local government in a representative group of southern colleges and universities, who have been invited to attend its sessions as guests of the institute. A limited number of outstanding local officials will also be invited to attend and to participate in the discussions.

It is announced that the purpose of the round table is to encourage and vitalize the teaching of local government in the south and thereby, it is hoped, to promote a more intelligent public opinion and a more capable leadership with reference to local governmental problems in this area.

An outline of the program follows:

July 6, County Home Rule in New York, Ohio, and Virginia; July 7, The County Manager Plan in Operation; July 8, The City Manager Plan in Operation; July 9, Problems of County Government Relative to the South; July 10, Problems in County Consolidation: (a) Functional Consolidation in Virginia Counties; (b) Consolidation of Counties in the South; July 11, Local Government Surveys; July 13 and 14, Federal-State-City Relations; (a) State-City Relations; (b) Federal-City Relations; (c) Interstate Coöperation; (d) The Ability of Local Units to Finance Relief Costs; July 15, Conflicting Taxation; July 16, Personnel Administration in Cities and Counties; July 17, Training for Public Administration; July 18, Problems in Public Welfare Administration.

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Legislative Councils for Virginia and Kentucky.— The lead of Kansas, Michigan, and Wisconsin has been followed by Virginia and Kentucky in the creation of an advisory legislative council in each state. According to *State Government,* official publication of the Council of State Governments, the Virginia council is "to make an investigation and study of any matter or question which may be referred to it by the general assembly, and to submit a report . . . at least thirty days prior to the next regular session of the general assembly . . . " and to furnish the same service to the governor whenever it is requested. Seven members, all of whom are to be appointed by the governor, make up the council, and five of them must be members of the general assembly. The Kentucky council is almost identical in composition to a commission on interstate coöperation, and represents the state in the Council of State Governments. In addition to the five senators, five representatives, and five administrative officers making up the council, the governor, lieutenant-governor, and speaker of the house are *ex-officio members.*

*

New York Thirty-fourth State with Approved Old-Age Pension Plan.—The Social Security Board in Washington announced on June 20 that New York State's old-age assistance plan had received its approval and that the federal government would grant $7,500,000 to that state in the coming year, to match the state and local portion. New York is the thirty-fourth state to have its old-age pension plan approved by the board, and brings the number of needy aged persons cared for under coöperative federal-state programs to some seven hundred thousand.

*

Governmental Survey of St. Petersburg, Florida.— The report of a complete financial and administrative survey of the city of St. Petersburg, Florida, was presented to the city manager and council on June 10 by the

Consultant Service of the National Municipal League, of which service Dr. Thomas H. Reed is director. The survey extended over a period of three months, and the report covers findings and recommendations as to many topics, including deferred maintenance; necessary capital improvements; debt service; delinquent taxes, tax liens, and the ability of the community to pay taxes; the efficient area for the city; the condition of the municipal utilities and means of increasing net revenues thereof; miscellaneous sources of revenue; a tentative budget and tax set-up; and recommendations for solving the city's financial problem as a whole.

*

New Jersey's Relief Situation.—Upon the ending of the annual session of the New Jersey legislature on June 19 it was believed that Governor Hoffman would be forced to call a special session immediately after the general election in November, to make more money available for relief until the next legislature, which convenes in January 1937, has an opportunity to deal with the problem. Since mid-April both the administration and financing of relief have been on the shoulders of the local governments, with inadequate resources in most cases to last through the year. Some of the municipalities, notably Trenton, with its city manager government, have handled the problem very effectively, at least from the standpoint of efficient, economical, and honest administration and with reduction of the amount of relief aided by a coöperative realization of the cities' difficulties on the part of those on the relief rolls. Beginning July 1, local relief will be supplemented by a $6,000,000 equalization fund, administered by a state financial assistance commission, headed by the governor. This is possible because of the Dorrance inheritance tax (see page 429). The commission can also prosecute local officials found to be improperly administering relief.

*

Institute on Regional Development Considers Southern Problems.—During the second half of June there was held at the University of North Carolina, Chapel Hill, N. C., an Institute on Regional Development, said to be the first of its kind in this country. The institute dealt with the regional problems of the south, with the purpose of giving practical effect to the results of research, or, as described by Dr. Howard W. Odum, director of the University's Institute of Social Science, who called the new institute together, "to bridge the chasm between scholarship and reality, between research and administration." Nearly fifty southern experts in the major sciences involved and guest specialists from other parts of the country coöperated in the preparation and discussion of committee reports. Regional planning, looking to the proper development of agriculture, industry, institutions, and population, was stressed.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Indiana—Reorganizes for Welfare Administration.—At a recent special session, held for the purpose of bringing state legislation into line with the requirements of the federal social security act, the Indiana general assembly enacted a new public welfare law reorganizing state and local machinery for welfare administration and making certain changes in existing provisions for financing welfare activities.

By the terms of the new law, each county is provided with a county department of public welfare, to be administered by a county board of public welfare consisting of five members appointed by the judge of the circuit court. At least two of the five members of the county welfare board must be women, and not more than three of the members may be adherents of any one political party. Appointments to the board are made for staggered four-year terms. The county board of public welfare appoints a county director to serve at the pleasure of the board.

The county welfare department is charged with the administration of old-age pensions and mothers' aid. Under previous legislation, the old-age pension system was administered by the board of county commissioners while mothers' aid was dispensed by the county board of children's guardians, an agency which is abolished by the new act. The maximum old-age pension is increased from fifteen to thirty dollars per month and

the residence requirements are modified to conform with the federal statute. The minimum age required of persons receiving old-age pensions remains at seventy until July 1, 1938, after which date it is to be sixty-five. In addition to the administration of old-age pensions and mothers' aid, the county welfare department is charged with the performance of certain other welfare functions, including the investigation of applications for pensions for the blind. It is to be noted, however, that the administration of ordinary outdoor relief remains in the hands of the respective township trustees, the proposal to transfer this major welfare activity to the new county department being successfully blocked by the Indiana State Association of Township Trustees and allied organizations.

Provision is made whereby two or more counties may, upon agreement by their respective welfare boards and with the approval of the state welfare authorities, unite to form a district department of public welfare to serve the counties concerned. In the event of such action, the welfare boards of the counties comprising the district are to constitute a district board for the selection of a district director.

A high degree of state supervision and control over county and district welfare departments is vested in the state department of public welfare established by the new law. This department is under an appointive board of five members, which board, with the advice and approval of the governor, appoints an administrator who serves as the executive officer of the department. Local welfare budgets are reviewed by the state department before their presentation to the respective county councils for adoption; and appeals by applicants who have been denied assistance by the local welfare departments are heard and determined by the state department. The state department may require reports from the local departments, and may order the removal of any county or district director. The formation of welfare districts requires the approval of the state department. Appeals may be taken to the state board of tax commissioners from reductions in local welfare budgets made by county councils or county boards of tax adjustment.

According to the terms of the new law, counties are to be reimbursed from the state treasurer to the extent of 60 per cent of their expenditures for old-age pensions and mother's aid. Under previous legislation the state paid half of the cost of old-age pensions but the cost of mothers' aid was borne entirely by the respective counties. Pensions for the blind continue to be paid by the state.

CLYDE F. SNIDER
University of Illinois

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Tennessee—Hamilton County Organizes for Manager Government.—The Volunteers, whose object it is "to effect a real reorganization of government in Hamilton County," is drafting a county manager bill to be introduced in the Tennessee legislature in January 1937. It is expected that the bill will provide for the election of a county council of five members for a term of four years, this council to appoint a county manager whose term of office shall be at the will of the council.

The organization is seeking to secure the nomination of legislative candidates, at the Democratic primary to be held August 6, who will be sympathetic to the manager plan. In Tennessee the winning of nomination at the Democratic primary is, of course, paramount to election. Small and mass meetings are being held throughout the county with speakers on the manager plan. The three newspapers of the county are supporting the project.

Mr. Harry Bickers, secretary of the Volunteers, writes: "The Volunteer project is primarily being pushed forward by the younger people who have taken charge of the campaign and are the executive committee, but we are securing much needed support and assistance from the older people of the county."

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Nebraska—Douglas County Loses Again.—The Supreme Court of the state of Nebraska has recently denied the request for a re-hearing on the county manager plan for Douglas County (Omaha). The manager plan of government was adopted in that county at the polls in November 1934, but was held unconstitutional by the Nebraska Supreme Court on March 3 of this year.[1] This adverse decision,

[1]See the NATIONAL MUNICIPAL REVIEW for March and April 1936.

in view of the sustained effort on the question over a period of three years by the Association of Omaha Taxpayers and others, is extremely disappointing.

It will now be necessary for those interested in county government to endeavor to get a bill through the legislature next winter within the boundaries set up by the court. It is also planned to make an effort to secure provision for a constitutional amendment to be voted upon at the general election in the fall of 1938.

*

Governor Lehman of New York has signed the Nassau County charter bill, recently passed by the legislature. (See the June issue of the REVIEW.) The act will now go before the voters at the November election.

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Michigan is voting this coming November on a constitutional amendment for county reorganization.

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At a recent meeting in Roanoke, Virginia, it was recommended unanimously that a petition be drawn up asking for a special election on county-manager government for Roanoke County.

TAXATION AND FINANCE

Edited by Wade S. Smith

The Mississippi Legislature Faces the Tax Problem.—No legislature ever meets without passing several measures relating to taxation, and the Mississippi law-making body proves no exception.

While economists seek an answer to the query, Is the sales tax a consumers' tax?, the Mississippi legislature has recently enacted an affirmative answer to the question. A Mississippi statute provides that the sales tax shall be paid by the consumer as an addition to the regular purchase price. Fifteen million sales tax tokens of one and five mills denomination are to be put into circulation, so that the exact amount of the tax can be paid on small purchases. The advocates of the tax fear that this law is the first step toward a repeal of the sales tax. They claim that the use of tokens will make it so obnoxious to the public that public opinion will demand its repeal. The opponents are silent.

To assist recently elected Governor Hugh White, lumberman, in his program of "balancing agriculture with industry," the legislature provided for an extension of the five-year ad valorem tax exemption for new industries. Industries thus favored include garment factories, shipyards, silk and rayon mills, various food manufacturing establishments, plants for making native building stones, aeroplane factories, and establishments using tung oil. (Mississippi is making a concerted effort to develop the tung oil industry and now has the largest tung oil tree grove in the country.)

The state ad valorem tax was raised from four to eight mills, with the governor empowered by executive order to reduce this amount for 1937 or 1938 to not less than four mills.

A tax on chain stores was enacted, with payments ranging from three dollars each for two stores to three hundred dollars each for forty-one or more stores. Service stations and exhibit rooms of certain public utilities are exempt from the provisions of the law.

One and one-fourth cents per gallon of the excise tax on gasoline has been set aside by the legislature for payment of principal and interest on the $23,000,000 road bonds to be issued for the construction of a system of hard surface roads throughout the state. Tax evasion of dealers shipping gasoline as kerosene was sharply reduced by the creation of a motor vehicle commissioner whose duties included sole control of the taxes on petroleum products.

Municipalities have been empowered to tax privileges to within 50 per cent of the tax imposed by the state, provided the privilege has not been duly licensed for a state-wide purpose.

OWEN COOPER
University of Mississippi

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Court Upholds PWA Power Loans to Cities.—The Public Works Administration's $200,000,000 program to aid municipalities in financing publicly-owned lighting plants was again upheld when, on June 4, Chief Justice Alfred A. Wheat of the District of Columbia Supreme Court ordered dismissal of seven suits filed by four southwestern power companies to restrain Secretary Ickes from allocating nearly $500,000 to eleven towns in

Texas, Alabama, Oklahoma, and Iowa for municipal power developments.

In his decision, Justice Wheat followed the precedent of the United States Circuit Court of Appeals for the Fourth Circuit which, last February, (in Greenwood County, South Carolina, vs. Duke Power Company) upheld the constitutionality of the National Industrial Recovery Act of 1933 in so far as it related to the PWA's power program. Similarly cited was the Court of Appeals decision holding the 1935 extension of the 1933 act unconstitutional (Town of Franklin vs. Tugwell), which the court held applied only to the housing provisions of the act. Justice Wheat found the PWA program "a reasonable, practical, and substantial compliance" with the act, in so far as the contention of the power company attorneys went that there was unlawful delegation of legislative power to the executive.

Right of the cities to receive, however, and of the federal government to grant, funds for the construction of municipally-owned power plants is by no means established by the decision. Counsel for the four private power companies immediately announced intention to appeal to the District Court of Errors, from whence the case will go regardless of outcome to the United States Supreme Court. Further, the appealed Duke Power Company case will be argued before the Supreme Court in the fall also. This case now occupies a key position in the PWA's legal defense, and should the Circuit Court of Appeals be reversed, the PWA program in so far as it related to municipal power plant grants will be virtually terminated.

*

Santa Claus Comes to New Jersey.— Embarrassed by factional fights between divergent groups of the Republican majority in which the Democratic members refused to lend a hand, New Jersey's state legislature miraculously escaped further immediate consideration of the state's acute revenue-for-relief problem late in May when the United States Supreme Court refused to review the decision of the New Jersey Court of Errors and Appeals upholding the state's right to collect inheritance taxes from the estate of the late John T. Dorrance, Camden and Philadelphia soup manufacturer.

The Supreme Court's refusal to reopen the case confirms the state's efforts to collect the levy, and will pour nearly $17,000,000 of tax and penalties into New Jersey's relief-depleted treasury. The windfall was anticipated as early as 1934 by the state solons, who in that year contingently authorized its expenditure. Legal authorities hold, however, that the funds can be used now for any purpose the legislature sees fit to designate.

Painful to the estate, which has already been compelled to contribute a like sum to Pennsylvania, the involuntary "bequest" nevertheless gives Jersey legislators an "out" from a situation which was becoming daily more complicated. Taxpayers had already indicated their refusal to stand for a state sales tax. The legislators themselves have consistently shied away from even serious mention of a personal income tax. And municipalities have been already debt burdened to a point making their assumption of the relief costs on the hitherto prevailing scale impossible. But now, Santa-Claus-like, the inheritance tax collector and his lawyers have performed the miracle, and funds are at hand to postpone the evil day.

Whether the postponement is for long or not remains to be seen. There may yet develop difficulties in the actual collection, and the exact amount may be subject to further adjustment. Meanwhile, however, Jersey municipalities, wholly without state aid, have inaugurated a new relief policy. While as yet only scattered reports are available, many cities are said to have drastically curtailed relief rolls under the pressure on local treasuries to such an extent that Washington is reported to be keenly interested in the procedure under which local responsibility for relief seems to be resulting in less relief being dispensed.

*

Recent Legislative Developments.— Moderation, or perhaps just legislative fatigue, settled over the state law-makers during the first six months of 1936, bringing a startling decline in legislation of the type heretofore passed in profusion to ameliorate the sad plight of the ad valorem taxpayer. Most unusual was a growing unpopularity of the sales tax, hitherto madly clasped to legislative bosoms as the sure source of property tax relief. Tax moratoria, while continuing

in sufficient numbers to indicate that the idea is still popular, were on the whole conceived with more of an eye to tax collections and less to votes. In spite of continued agitation, tax limitation laws, homestead exemptions, and the other panaceas have yet to appear on the legislative reports for the year as laws.

Colorado was the only state to enact a new sales tax, H. B. 13, imposing a 2 per cent use tax on the purchase price of all tangible personal property for the storage, use, or consumption thereof. Property on which a sales tax has been paid is exempted.

Kentucky repealed its sales tax on January 15, the revocation having been a major plank in Governor Chandler's campaign. Only one vote was cast against the repeal in the entire legislature. Maryland allowed its emergency gross receipts tax to expire March 31, replacing it with additional liquor taxes and new levies on admissions and cosmetics and by additional corporate franchise taxes.

In Oregon the sales tax proposal was defeated again at a referendum on January 31 and an initiative petition is now being circulated to amend the constitution to permanently prohibit the imposition of a sales tax, excise or license tax on the privilege of growing, producing, manufacturing, processing, selling or dealing in any article of food for human consumption. The amendment will be submitted to popular vote in November.

The Oklahoma Supreme Court permanently enjoined the gross income tax law, not passing on its constitutionality but ruling that the manner in which the question was submitted to the people at a special election was invalid. Alabama's Supreme Court held that state's proposed sales tax law unconstitutional in an advisory opinion to the House of Representatives. Certain provisions of the Idaho sales tax law were held unconstitutional by the Idaho Supreme Court, but since they are separable they do not affect the remaining portions. In West Virginia the state Supreme Court voided a sales tax law in the city of Bluefield, holding the municipality had no power to enact such legislation.[1]

On the tax moratoria side of the picture, New York authorized county tax collectors to extend the date for current tax collections to June 1, empowered the state tax commission to reduce interest on delinquencies to not less than 6 per cent per year in consideration of partial payment, and made minor changes in delinquency dates in several counties. New Jersey continued her installment payment system, the legislature permitting amortization of arrears over five years if current taxes are paid. Virginia permitted governing bodies of cities and towns to release interest, penalties, and costs on taxes due up to and including 1935 if the tax was paid by June 19, 1936; authority was also granted cities and counties to postpone tax sales for all years to and including 1935, for a period not to exceed three years.

South Carolina in a variety of special laws applying to individual counties lowered interest rates, postponed delinquency dates, and authorized installment payments of accrued delinquencies.

A Nebraska penalty and due-date moratoria law was held unconstitutional by the state courts, and several Illinois statutes permitting extended amortization of tax arrears at special terms were similarly invalidated.

Alabama wiped out the fee system for tax collectors in counties of from 80,000 to 100,000 population, and required the separate listing and valuation of homesteads on the tax rolls. In Florida, scene of recent devastating homestead exemptions, tax limitations, and debt-readjustment rough and tumble contests, a movement was initiated to abolish the ad valorem tax altogether.

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Debt Adjustment Again Wide Open?— The obstructing hand of the minority creditor again casts its shadow across numerous municipal debt readjustment programs. This is the conclusion as numerous notes and comments, some moderate and hopeful, others violently indignant, begin to pour in on the Supreme Court's five-to-four decision voiding the municipal bankruptcy act of 1934.

Originally enacted after bitter legislative debate to cope with the minority bondholder blocking debt readjustments by single-handed hold-out against refunding plans acceptable to everyone else, the so-called Sumners-Wilcox law of 1934 had only just been extended to

[1]See *Taxbits* (Tax Policy League, 309 East 34th Street, New York City), June 1936, for a discussion of recent sales tax trends.

1940 when the court's verdict threw it into the discard. Basically, the act provided a means whereby a distressed local governmental unit might carry its readjustment program into the federal courts under the bankruptcy law and, with the consent of a varying percentage of the bondholders, enforce on minority creditors a plan acceptable to the majority and approved by the court.

The reasoning of the court majority seems to many based on a limited conception of local government. Justice McReynolds, who wrote the majority opinion, said of the respondent Cameron County Water Improvement District No. 1: "Its fiscal affairs are those of the state, not subject to control or interference by the national government, unless the right to do so is definitely accorded by the federal constitution." The dependence of the local government upon the state was construed within the narrowest limits, and the court held that the same inhibition which prevents federal taxation of the state prevents federal interference with the contractual relationship between subordinate units of the state, notwithstanding the power of Congress to legislate on the subject of bankruptcy and the consent of the state required under the statute in question. The court laid considerable stress on the hypothesis that an extension of the law to states themselves on an involuntary basis would obviously be unconstitutional, hence the application to state instrumentalities on a voluntary basis was but a matter of degree.

The minority opinion, written by Justice Cardozo, and concurred in by Chief Justice Hughes, Justice Brandeis, and Justice Stone, dealt cogently with the legal vacuum of federal-state-local relationships. Tracing the growth of bankruptcy law from its early limited application, Justice Cardozo stressed the need for a remedy and the fact that the municipal debt readjustment act paralleled the principles of bankruptcy law heretofore promulgated. He held that states' rights were not violated, the constitutional power to legislate on the subject of bankruptcy being in this case amply buttressed by requirements for state consent, voluntary action by the local unit, and "a sedulous regard to the structure of the federal system." He noted that Texas had specifically empowered its local units to proceed under the federal law.

The minority differed sharply with the prevailing opinion on the effect of the federal inability to tax states and the constitutional safeguards to contracts. Since a state could consent to be taxed by the federal government, said Justice Cardozo, so it could consent to the "indignity" of federal legislation affecting the local units' bond agreements. As to the effect of an instrumentality of the state appearing in court, he pointed out that at present municipalities may be brought into court as in mandamus proceedings against their wills, and it seemed clear that a local unit could consent to appear in a bankruptcy action.

Some attempt will undoubtedly be made to re-enact the law. Representative Wilcox, whose own state, Florida, is one of the chief sufferers from hi-jacking minority bondholders' activities, announced in June that he had introduced a bill with a clause confining its action to municipal debts in existence at the date of approval. Chairman Jesse H. Jones of the Reconstruction Finance Corporation was said to be actively interested in the bill.

Though less than a hundred local units have taken action under the law now declared unconstitutional, the confusion resulting from its collapse is likely to extend farther than the court cases actually extinguished by the decision. Commentators on the realities of municipal debt readjustment have been quick to point out that the effectiveness of the act has been greatest in its potentialities to discourage attempts at minority hold-outs. With that threat abolished, it seems certain that mandamus proceedings and all the rest of the legal manoeuvering of the purchasers of so-called "five-and-ten" defaulted bonds will resume their operations to balk plans which otherwise could be amicably, if not quickly, settled.

But, as *The Bond Buyer,* New York, says: "It now remains to be seen whether the remaining defaults can be cured in an orderly manner or whether municipalities and creditor groups must go through an additional long period of legal warfare—'caught in a vise from which it is impossible to let them out,' as Justice Cardozo puts it. And, of course, there is the next major depression and its municipal defaults to be considered."

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

A P. R. Voting Machine.—Among the most persuasive arguments against P. R., in spite of their essential triviality, have been the objections that it required several days to get the result in a large election and that it required paper ballots and hand counting, both of which in plurality elections without the safeguards of a central count have acquired an evil reputation. In connection with the possible early use of P. R. in New York City, where these objectives would be stronger than ever psychologically, an effective answer to them has now been devised.

The International Business Machines Corporation has invented a thoroughly practicable P. R. voting machine. The voter turns a first-choice dial until the name of his first choice appears, a second-choice dial until the second choice appears, and so on for as many choices as he wishes, up to twenty. He can write in names for candidates not regularly nominated or choices above twenty if he should insist on these usually empty rights. He can change his choices as long as he remains in the voting booth. To spoil his vote is impossible unless he does so in the process of writing names in. When he leaves the booth, the curtain lever punches a card with holes whose positions indicate his choices, drops the card into a box which can only be opened at the central counting place, and clears the machine for the next voter.

The cards are sorted and counted at the rate of four hundred a minute, on standard sorting and counting machines which are in extensive use for other purposes. It has been estimated that, by using a number of these machines simultaneously, the final result of a P. R. election in New York City can easily be determined by some time in the morning of the day after election.

A dummy model of the new voting machine and samples of the ballot cards that would be punched by it were first shown to the public on June 9 at the annual dinner of the New York Citizens Union, at which the members of the New York City Charter Revision Commission, through whose unanimous decision the adoption of P. R. will be voted on in the city November 3, were guests of honor. An account of the machine in the New York *World-Telegram* the day of the meeting said, "A representative of the *World-Telegram* . . . found it less complicated and bewildering than the voting machines already in use."

The model is now on display in the offices of the Citizens Union, 41 Park Row, New York City, as is also the sorting and counting machine with a thousand P. R. ballot cards to illustrate its use.

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Columbus May Vote on P. R. This Fall.[1]—Last spring, after the defeat of a proposed three-mill levy in Columbus and after about half of the policemen and firemen and other municipal employees were dismissed, a movement was started for the city manager plan. Mass meetings were held and a drafting committee created to revise the Columbus charter. This committee made only such changes in the existing charter as would be necessary to establish the city manager plan. Petitions were circulated and, when what seemed to be enough signers was secured, they were presented to the city council to go on the ballot at the May primary. However, six out of seven of the members of the city council were decidedly unfriendly to the city manager plan and refused to put the question on the ballot on the ground of insufficiency of signers. Forty per cent of the names were declared invalid.

The movement for the adoption of the city manager plan has been revived and a drafting committee created under the chairmanship of Professor E. Allen Helms of the political science department of the Ohio State University, and including Professor Robert M. Hunter of the College of Law, Ohio State University; R. E. Miles, Director of the Ohio Institute; John M. Lewis, ex-city councilman and lawyer; and Professor Harvey Walker of the department of political science, Ohio State University. This committee has drafted an entirely new charter and included provision for the election of city council by proportional

[1]The information contained in this note was received from Professor E. Allen Helms of Ohio State University.

representation. A City Manager League has been formed, new petitions are being prepared, and it is hoped that the issue will go before the voters at the November election. If this new charter is adopted at that time, it will go into effect in the autumn of 1937.

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Massachusetts P. R. Bills Defeated After Favorable Report.—Though eventually defeated, P. R. proposals made more progress in this year's session of the Massachusetts legislature than ever before. All three of the optional P. R. bills referred to in this department for March were reported favorably by the committee on cities. Representative Christian Herter's two bills to make P. R. optional for Boston (House 1014) and for other cities and towns (House 1015) were debated in the House on two different days. Representatives Herter and Hastings (reporter for the committee) gave able addresses referring to past Boston charter commission recommendations, the approval of the committee on cities, and newspaper support by the Boston *Herald, Post,* and *Transcript.* On May 27 the Boston bill was advanced to third reading by 60 votes to 41 and the state-wide bill followed by a voice vote which was not counted. On June 1, however, the House voted against passing the Boston bill to engrossment by 67 votes to 45. After further debate, in which Representative Morrill of Haverhill asked that the House at least give the smaller municipalities a chance to try P. R. now that the Boston bill had been killed, the other bill met the same fate by 69 votes to 46.

The third bill, House 982, which added the combination of P. R. and the city manager plan to the four standard optional forms of city government, was referred to the next annual session.

Proponents of the three bills feel encouraged by the progress made and will campaign for adoption at the next annual session. A number of civic and taxpayers' groups are cooperating to this end, the League of Women Voters being particularly active. H. C. Loeffler, secretary of the Boston Municipal Research Bureau, has been called on for a considerable number of demonstration elections.

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Canada Considering P. R.—The Canadian House of Commons this spring appointed a select committee of thirty members to suggest amendments to the Dominion election acts. This committee has been studying, among other things, proportional representation and the alternative vote. Toward the end of the last preceding Liberal administration Prime Minister Mackenzie King recommended P. R. for parliamentary elections in the larger cities, and in the last election campaign P. R. found a place in the victorious Liberal Party's program.

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P. R. Prospects in Great Britain.—The British P. R. Society's annual report for the year May 1935-April 1936, entitled "The New Parliament and Constitutional Reform," contains as usual an impressive résumé of the evidence of the year's elections to the universal need for P. R. and of the world-wide advance of the movement to achieve it.

After referring to demands for electoral reform, including P. R., that have already been made in the new parliament and to the government's promise, made by Mr. Geoffrey Lloyd, Under Secretary of State for Home Affairs, that all the points made would receive "the most careful consideration" in connection with a redistribution of seats in Parliament, the report goes on to describe encouraging developments in the last election campaign. Members of the P. R. Society questioned many of the candidates on their attitude on P. R. and received a considerable number of favorable replies. One of these, from Sir Kingsley Wood, a member of the cabinet and director of the Government Publicity Bureau, was as follows:

> The experience of the Ullswater Conference has shown that it is difficult to obtain agreement on proposals for electoral reform. If, however, it is decided that a change should be made in the present system of parliamentary election, I would consider favourably proportional representation in preference to any other change.

"As other Conservatives replied in similar terms," the report adds, "it would appear that the statement was made with official sanction."

Last year Mr. Winston Churchill received at the House of Commons a deputation of petitioners for P. R. from the Epping division

of Essex, which he represents, and "expressed himself strongly in favour of proportional representation for the densely populated areas." Petitions for similar deputations are being circulated in several other constituencies.

Recently John H. Humphreys, the veteran secretary of the P. R. Society, who is looked to for information and guidance by proportionalists the world over, delivered the first P. R. broadcast ever arranged by the British Broadcasting Corporation.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

California Taxpayers' Association.—The Association is now in its tenth year. During this period the Association has completed over four hundred research studies of the state and its political subdivisions, and has built up a comprehensive collection of statistics and information on the financial operations of the state and all of its local governments.

During the past year the Association played an important part in the enactment of the 5 per cent expenditure limitation law. It worked for the enactment of three bills which improved the procedure in handling school district finances, facilitated centralized purchasing, and strengthened school district budget procedure.

In coöperation with the League of California Municipalities, the Association is studying plans for a uniform system of accounting for cities throughout the state.

During the year the Association made exhaustive and complete analyses of the county government in Sonoma, Kern, Solano, Santa Barbara, San Diego, and Alameda counties.

Since 1927 annual budget studies have been made by the Association's staff in the counties of Los Angeles, San Diego, Contra Costa, and Kern. In 1935 this phase of the Association's work was enlarged, and analyses were made of the budgets of twenty-seven counties. A complete history of state highway expenditures and costs was completed and published.

The Association maintains continuous contact, through its field staff and by mail, with the assessors and auditors of each of the fifty-eight counties of the state. Many auditors and assessors in California coöperate with the Association in collecting and assembling statistical information and make use of the Association's compilations.

Future objectives of the California Taxpayers' Association are:

(1) Improvement in the auditing, budgeting, and reporting procedures of the state and local governments of California.

(2) Maintenance of present limitations on existing tax rates.

(3) Passage of measures for the control of the issuance of bonds.

(4) Reduction in the number of independent taxing bodies.

(5) Establishment of a more efficient and economical system of education through the reduction of the present number of school districts.

(6) Elimination of overlapping and duplicating functions of government.

(7) Extension of the principle of centralized purchasing of governmental supplies and materials.

(8) Effective control of the expenditures for unemployment relief and centralization of investigation of all relief applicants by trained, not political, relief workers.

(9) Establishment of a more efficient and effective system of rural police by the adoption of a state police system.

(10) A continuous program to arouse citizen interest in government.

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Taxpayers' League of St. Louis County (Duluth, Minnesota).—The annual report of the Taxpayers' League was submitted to its members on June 2. During the past year the League successfully opposed the issuance of $100,000 in unnecessary bonds for financing the city's share of the local PWA and WPA programs.

The league sponsored an amendment to the city charter fixing the tax rate limit on the city operating fund at 25 mills. This charter amendment was submitted to the vote of the people on June 15. This tax rate limitation applies only to the city of Duluth and only to the city operating funds. At the present time the city tax rate is slightly less than 25 mills.

During the past year the staff of the League has continued to study the school

problem of the community. A comprehensive report on personnel problems of the schools was published last September, and work is now under way on a study of the operating costs of school buildings. This study has already demonstrated that the comparatively high operation costs which occur in Duluth are caused in greater measure by the extravagant amount of plant being operated than by extravagance in the means or methods of operating.

The League reports an increasing acceptance by the county of improvements in accounting and purchasing procedures which have been urged by the League for many years.

The League made a survey of tax delinquency in each of the organized townships and counties, and presented its findings to the county board.

The League carefully watched city expenditures to make certain that there was no violation of the charter provision that no more than 80 per cent of the budget can be expended until tax collections are made in excess of that amount.

During the coming year the League plans to make thorough surveys of several city departments, particularly those concerned with public works.

The executive secretary of the League has been made a member of the governing board of the Minnesota Institute of Governmental Research.

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Taxpayers' Association of New Mexico.—From the lengthy report of the director of the Association, presented at the annual meeting in January, the following brief and incomplete summary has been prepared:

The director of the Association served as budget assistant to the governor last year, as he has every budget year since 1919 when the first state budget prepared by the Association was submitted.

The director was asked to assist two legislative commissions which reported to the last session of the legislature on needed legislation. Among the recommendations of these commissions the following were noteworthy: administration of health services through ten districts instead of thirty-one county units, classification of state employees and establishment of salary schedules, consolidation of revenue collecting offices, permanent registration of voters, nonpartisan nomination and election of judges.

The Association staff compiled a list of all county, municipal, and school district bonds outstanding which could be called in and refunded. It was ascertained that approximately $2,000,000 in obligations could be called and that the state treasurer has approximately $800,000 of uninvested permanent funds. Visits to practically all of the counties resulted in the passage of the necessary resolutions. Thus the state treasurer was enabled to secure the investment of a substantial amount of uninvested funds, and counties, municipalities, and school districts have been enabled to reduce the amount required for interest payments. Many of the bonds originally issued as term bonds were changed to serial payment bonds. Refunding bonds issued under the New Mexico law cannot go beyond the date of maturity of the bonds refunded.

The Association inaugurated and carried on an extensive campaign of publicity for the collection of delinquent taxes.

A survey of election costs was completed by the Association to secure the data needed to prepare county budgets. This survey is typical of many made in past years by the Association to eliminate the "guess work" from budgetary procedure. A survey of court costs is in progress.

A study of the effect on local revenues of the proposed homestead exemption amendment was made, and the amendment was defeated at the special election in September.

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Providence Governmental Research Bureau.—During the past six months the Bureau has studied many state and municipal problems and reported the results of its investigations in its monthly news letter.

In January the Bureau announced the results of its study of the cost of government in eleven northeastern states. The study showed that in total governmental expenditures per capita Rhode Island ranked eighth, and that in ability to pay for governmental services the state was also eighth among these eleven states.

The budgetary procedures inaugurated in 1935 for the state government have carried Rhode Island to a position of prominence among the states by providing for a modern-

ized system of fiscal management. The Bureau has given publicity to these developments and pointed out that the city of Providence still employs antiquated financial methods and needs to install centralized purchasing and a system of budgetary control.

In February the Bureau analyzed the city's WPA program, pointing out the large sums which were being spent by the city and state governments for supplies, materials, and supervision.

As a supplement to the March issue of its news letter the Bureau published a detailed comparison of state expenditures during the years 1933, 1934, and 1935, the state appropriations for the year 1936, and the governor's budget for 1937. Figures for these years were supplemented by statements explaining the increase or decrease in the expenditures of each department from year to year.

In the April news letter the Bureau analyzed United States Census Bureau statistics with reference to operating expenditures for sewers, highways, and street cleaning in the fifteen cities from 200,000 to 300,000 in population. It was revealed that the Providence expenditures on these functions are relatively high.

Since the defeat of the proposal to call a constitutional convention, there has been a revival of interest in the amendment of the state constitution. The Bureau has devoted some time to the tabulation of constitutional provisions and requirements on various matters in the several states. A recent bulletin summarized state constitutional provisions against dual office-holding.

In the May news letter the Bureau presented figures on the size of school classes in Providence in comparison with other cities. These figures are gathered and published by the National Education Association. The Bureau's analysis showed that some reduction in school costs in Providence could be achieved if the size of senior high school classes was increased slightly to bring them up to the median size in other large cities.

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Bureau of Governmental Research of New Orleans.—On May 1, 1936, the Bureau celebrated its third birthday. It now feels that it is an important factor in the civic life of New Orleans, both as to accomplishments and the unbiased opinions given on city problems.

As this story is being written, the legislature of the state meets to write a new chapter in the history of Louisiana. On May 11, the legislature opened with one hundred and forty lawmakers of one mind and one faction. "Stormy politics," which raged during the reign of Senator Huey Long, have quieted down, and the city of New Orleans and the state as a whole seem to put an unbounded faith in the promises of the new governor to better conditions in both New Orleans and the entire state. As has been the custom, the Bureau of Governmental Research will interpret all laws affecting the city of New Orleans.

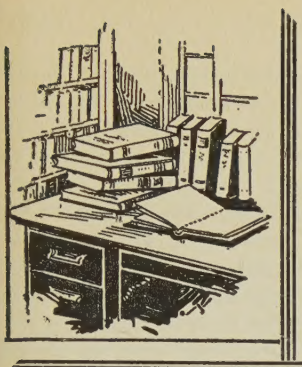
In addition, the Bureau has drafted some twenty laws and sent them to the proper state leaders, in an effort to have them introduced in the legislature. One of the laws covers a subject upon which the Bureau has given much publicity during the past year. This is the subject of a revised tax calendar, or the periods for assessing, billing, and collecting taxes. Payments made earlier in the year would save New Orleans taxpayers about $400,000 annually in interest on bank loans which are now made for city and schools in anticipation of the collection of taxes. Two bills are designed to reduce the number of times notices must be published in the newspapers for calling for bids and the letting of franchises. Other proposed bills deal with a reorganization of city functions.

The Bureau also prepared a new charter, based upon the city manager form of government, for use by the state legislature. It is too early at this writing to predict what the legislature will do in the matter of revising New Orleans' charter.

In anticipation of a new charter, the Bureau prepared constitutional amendments permitting home rule which, if adopted, would allow New Orleans to choose its own charter. Home rule, however, has been definitely abandoned following the defeat of the home rule state faction last January.

One of the important surveys made by the Bureau during the year covered the departments and divisions which operate and maintain public buildings. It was shown that greater efficiency and a saving of $44,000 annually could be made by a consolidation and reorganization of the agencies assigned this work.

HAROLD STONE, *Executive Secretary*



RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Local Democracy and Crime Control. By A. C. Millspaugh. Washington, D. C., The Brookings Institution, 1936. 263 pp. $2.00.

Functional reallocation and integration are seen as the best remedy for the ailments of local government by Dr. Millspaugh after careful diagnosis and consideration of other possible cures. As major fields of administration that should belong to the state rather than to the county or smaller unit, he cites highways, schools, welfare, health, tax assessment, tax collection, elections, the courts, and crime control.

Two aspects of crime control are considered—policing and prosecution. Policing of rural areas and prosecution everywhere should, the author believes, be transferred to the state. In the large cities and metropolitan regions policing should probably be left to local control, at least during the immediate future.

In most states the first step toward the transference of this power should be the unification of policing under a state department of police or of public safety and the unification of prosecution under the attorney general. If the latter official is appointed, policing and prosecution may be brought together in a department of justice. Four states—Indiana, New Hampshire, New Jersey, and Pennsylvania—where the attorney general is appointed by the governor, would find the creation of a "real" department of justice comparatively simple.

About a dozen states now have a department of police or of public safety equipped for patrolling and investigation. A state highway patrol, while made up of specialized law enforcement officers, nevertheless can be used as a nucleus of a state criminal law enforcement agency.

One of the first things to be done in transferring rural crime control to the state is to ease the sheriff out of the field by taking from him the functions of policing and jail custody and limiting him to civil work. The county prosecutor should either be abolished or made appointive and removable by the attorney general. Dr. Millspaugh sees such changes coming as the product of evolution rather than any abrupt reorganization.

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Security Against Sickness. By I. S. Falk. Garden City, New York, Doubleday, Doran & Company, 1936. 423 pp. $4.00.

Many were disappointed that the national social security program made articulate in the social security act of 1935 failed to embrace health insurance. Individuals who had suffered privation through the loss of earnings through sickness or the loss of life savings through the costs of long hospitalization were well aware of the tremendous threat of sickness to the economic security of the wage-earner. The Committee on the Costs of Medical Care, as a result of five years of intensive study, fortified their conviction with impressive statistics.

Dr. Falk, a member of the technical staff of President Roosevelt's Committee on Economic Security, proposes in this volume to study the particular needs of the United States relative to protection of society against the economic burdens caused by illness and to outline certain principles on which a program in this country should be based to meet them. The systems of sickness insurance in European

countries, especially those in Germany, Great Britain, France, and Denmark, are examined to see what features may be embodied with profit in this country.

European experience together with American experience with voluntary insurance and compulsory insurance under workmen's compensation laws leads Dr. Falk to a plan of group purchase of medical care, compulsory, preferably planned and executed on a statewide basis. Complete home, office, and hospital service should be provided, he believes, including necessary health examinations and other preventive care. The system should provide for maximum coördination of the medical provisions with the work of public health and other governmental authorities engaged in health, medical, or welfare activities. Health insurance, it is emphasized, is not "state medicine" but a system of paying the costs of sickness through budgeting and prepayment. Taxation as a method of paying for the state's share of the costs has not been treated in this volume.

*

Handbook of Adult Education in the United States. Edited by Dorothy Rowden. New York, American Association for Adult Education, 1936. 423 pp. $2.25.

This is a directory of more than four hundred organizations of national importance in the field of adult education with introductory articles explaining the scope and progress in each section of the field. It is the second handbook, the first having been issued two years ago. The great expansion of adult educational programs during this period made a new edition necessary and necessitated writing a new text rather than revising the old.

*

Tax Opinion Survey. By Mabel L. Walker. New York, Tax Policy League, 1936. 16 pp. mimeo. Twenty-five cents.

Statements are often labeled the "consensus among tax authorities." To determine what agreement actually exists among professors of public finance on the most vital tax problems of the day, a questionnaire survey of tax opinion of this group of authorities was undertaken.

Among the practically unanimous verdicts disclosed by the survey were the following: opposition to high protective tariffs, advocacy of the retention of the property tax as a major source of local revenue, removal of intangibles from general property tax as a major source of local revenue, opposition to total exemption of improvements, advocacy of the use of graduated income and inheritance taxes by both federal and state governments and the adoption of corporate taxes based on net income, abolition of tax exempt securities, opposition to special taxes to discourage chain stores, opposition to general sales taxes, advocacy of tobacco and luxury and billboard taxes, restriction of taxation of all liquor imports and manufacturing to the federal government, advocacy of state supervision of local real estate assessment, opposition to uniformity clauses and tax limit provisions, and advocacy of state limitation of debt-incurring powers of local governments.

There was a majority agreement among the academic group on a large number of the one hundred questions proposed, majority opposition to a smaller number, and divided opinion on other subjects. The survey is illuminating as an indication of the progress of economists in formulating fiscal theories.

*

Methodology of Social Science Research: A Bibliography. By Dorothy Campbell Culver, Berkeley, University of California Press, 1936. 159 pp. $2.00.

From the mass of published material that has accumulated on techniques and methods of social science research since 1920, more than fifteen hundred items have been selected for this bibliography. The arrangement is unusual and particularly helpful since the material is presented in the order of the steps of a research problem, from the selection and definition of the problem to be studied to the preparation of the manuscript.

*

The Social Security Program. By Marietta Stevenson and Ralph E. Spear. Chicago, American Public Welfare Association, 1936. 62 pp. Twenty-five cents.

How far have we progressed under the new social security act? To what extent have the states fallen into line and taken advantage of the act's provisions? This pamphlet tells the story up to April 1, 1936, and the American Public Welfare Association promises

to keep the material up to date through supplemental information in its monthly magazine.

Previous to 1935, when social security legislation sprang largely from state initiative, twenty-eight states had old-age assistance provisions. As of April, 1936, this number had been increased to thirty-nine. The plans of twenty-eight states for old-age assistance had been approved by the Social Security Board as a prerequisite to state participation in federal grants.

In contrast to twenty states that were providing aid to the blind previous to 1935, thirty-three states had new or amended statutes on this subject in April of this year. The plans of nineteen states had been approved by the Social Security Board.

Forty-five states were providing aid to dependent children before 1935. This number has been increased to forty-six with eighteen plans approved. Only one state had unemployment insurance before 1935. As of April 1936 eleven states had provided for unemployment compensation. The laws of nine of these eleven states had been approved by the Board and a total of more than $350,000 has been granted to seven states and the District of Columbia for administration. More than seven million workers are covered by approved laws.

Plans for child welfare services in twenty-three states have been approved by the Children's Bureau, plans for crippled children in twenty-six states, and plans for maternal and child health services in forty states. All but six of the states have received some part of their allotments for public health services and all but three are coöperating in the program for vocational rehabilitation.

*

Libraries of the South. By Tommie Dora Barker. Chicago, American Library Association, 1936. 215 pp. $1.75.

A new experiment in library practice was undertaken five years ago when the American Library Association established a regional office in Atlanta, Georgia, which should provide advisory service in library matters available to the thirteen southern states. Miss Barker, field agent in charge of this office, presents in this book a summary of library happenings in this area during the five-year period.

The background of social and economic conditions that characterize the region is depicted to give full value to the progress that has been made in bringing better library resources to these states. The author tells of citizens' conferences to plan for better library facilities, of the effort to establish more state library extension agencies, of improved library legislation, of the expansion of school library service, of the increase in library service to Negroes, of county library demonstrations, and federal projects in libraries.

Sixty-six per cent of the population are still without access to free public library service in the south, nearly nine-tenths of these living in rural sections. According to Miss Barker the apparent solution to the problem lies in establishing either county or regional libraries with book truck service and distribution centers within easy reach. State or federal aid would be necessary to make such service possible.

Reports

Report on the Work of the Department of Purchase of the City of New York for the Year 1935. By Russell Forbes, Commissioner of Purchase, New York City. 85 pp. Apply to the Department of Purchase.

This report, marking the end of the second year of operation of the Department of Purchase in New York City, is the most comprehensive of any that has ever been issued by such a city department. The "before and after" story as depicted in descriptions, tabulations, and photographs of conditions previous to and following establishment of the department provide a dramatic answer to the question "Does centralized purchasing pay?"

*

Survey of Parks and Recreation in Providence, Rhode Island. By L. H. Wier, 283 pp. $1.00. Apply to E. K. Thomas, Civic Improvement and Park Association, 39 East Manning Street, Providence, Rhode Island.

While certain parts of this report pertain only to Providence, the report, made by a staff member of the National Recreation Association, is of general interest to park and recreational departments as a manual of

administration and management. It sets forth ideals and objectives which should dominate the governing boards, executives, and staff in the administration of public recreation.

*

Real Property Inventory of the Cleveland Metropolitan District, 1936. Apply to Howard Whipple Green, Director, 1900 Euclid Avenue, Cleveland. $15.00

Cleveland claims the distinction of being the only city in the country which takes a complete annual inventory of every house, lot, and building and movement of every family. This data, broken down into 321 census tracts, denotes trends indicative of what is happening throughout the country, especially in the heavy industry cities of the middle-western states. Included in the material is information on housing conditions, the amount of residential construction and demolition, and the cost of construction.

*

Drunken Driving. Report 109 of the United States Conference of Mayors, 730 Jackson Place, Washington, D. C., 1936. 15 pp. mimeo.

During 1935 more than 40 per cent of the cities reporting experienced a rise in the number of intoxicated drivers. Methods followed by American cities in testing those arrested for drunken driving and the penalties imposed for conviction of this offense are described in this survey.

*

Housing for the Family. By the Committee on Housing, Women's City Club of New York, 22 Park Avenue, New York City. 40 pp. Twenty-five cents.

Investigators went from tenement to tenement and talked with the women who lived in them to learn what they considered the essentials of good housing. The housewives expressed additional views which very possibly might not occur to the architects of low cost housing. They told why, for instance, they preferred bath tubs to showers, why they wanted clothes drying rooms in the basement rather than on the roof, and why they wanted large kitchens.

*

Municipal Revenues from Sources Other Than Taxation. By Edward W. Harding. Publication No. 35 of the New York State Conference of Mayors and Other Municipal Officials, Albany, 1935, 165 pp. mimeo. $1.50.

Municipalities in their search for revenue are discovering new sources, charging individuals and groups for special services and privileges the expense of which was formerly borne by the general taxpayer, and relying more than they have in the past on so-called miscellaneous revenue sources. This study lists actual charges made for specific services in more than 250 cities in the United States.

*

Metropolitan Milwaukee. By the Joint Committee on Consolidation in Milwaukee County. Directed by Paula Lynagh, 1936. 97 pp.

Within the Milwaukee metropolitan district, which is a single trading area, are ninety-three local governments. This study produces the facts upon which is based the conclusion that more centralization of the local government is necessary.

*

Annual Report of the Sales Tax Section for the Year 1935. Tax Commission of Ohio, 1936. 33 pp. Apply to the Tax Commission.

The source and distribution of the sales tax dollars in Ohio and the extent to which the sales tax has served in this state as a replacement measure are given in this study.

*

Regional Planning. Part I, Pacific Northwest. National Resources Committee, 1936. 192 pp. Fifty cents. Apply to Superintendent of Documents, Washington, D. C.

This is the first of a series of reports on regional planning problems of several different sections of the country. It deals with immediate and urgent problems in the Columbia Basin, particularly with the policies and organization which should be provided for planning, construction, and operation of certain public works in that area.

*

Fire Loss Prevention in Buffalo, New York. By the Buffalo Municipal Research Bureau, 1936. 23 pp. mimeo. Twenty-five cents. Apply to the Buffalo Municipal Research Bureau.

This is a comparative study of fire losses, fire insurance premium rates, grading as to fire extinguishing, and methods employed for preventing fires in Buffalo and other large cities in the United States.